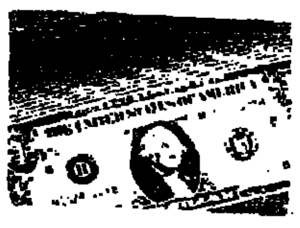
FINANCIAL TIMES



US economy
Fed takes a spring break
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Europe's strategist
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Under attack
US research fights back
Page 11

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A change of atmosphere
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World Business Newspaper TUESDAY MARCH 21 1995 D8523A

Clinton accepts Russian invitation to Moscow summit

US president Bill Clinton has agreed to a summit meeting with Russian president Boris Yeltsin in Moscow coinciding with Russia's celebration of the 50th anniversary of victory in Europe. The White House had withheld its acceptance to encourage Mr Yeltsin to give ground on issues such as Chechnya and the expansion of Nato. But Russia's foreign minister Andrei Kozyrev (left) told the European Stability Conference in Paris that Moscow took strong exception to what he called Nato's "rush" to expand east. Page 16

Bosnian ceasefire shattered: The 11-week ceasefire in Bosnia was shattered as Moslem forces launched an assault on Bosnian Serb positions and Serbs responded by attacking Tuzla. Page 16

Telecom Italia plans demerger: Italy's state-controlled telephone company, Telecom Italia, plans to demerge its mobile telephone operations in July, in what it described as "the last important step" in restructuring the telecoms sector. Page 17; Lex, Page 16

Intel invests in Philippines: US semiconductor manufacturer, Intel, will invest 9bn pesos ($350m) in the Philippines on assembly lines to test Pentium computer chips. Page 5

Death at Olympic stadium: A lighting tower collapsed at the 85,000-seat stadium being built for the 1996 Olympic Games in Atlanta, Georgia, killing at least one construction worker and injuring three others, authorities said. Page 7

Alpine buys US Alcatel subsidiary: Alcatel Cable, a subsidiary of the French industrial group, announced the sale of its copper wire manufacturing operations in the US to Alpine, a US-quoted industrial group, for $100m. Page 18

Telecoms operators link to help airlines: Eight national telecommunications operators from Asia, Europe and the US have formed an alliance to offer a global telecoms service to airlines. Page 5

Microsoft co-founder backs Spielberg: Paul Allen, the software billionaire who co-founded Microsoft with Bill Gates, is to invest about $500m in DreamWorks SKG, the Hollywood film studio being formed by Steven Spielberg, Jeffrey Katzenberg and David Geffen. Page 20

US plans to cut aid to Egypt: Egypt and the US publicly admitted that the $815m a year in civilian economic assistance to Egypt may have to be scaled down. Page 4

Queen addresses S African parliament: The Queen, making the first address by a British monarch to a South African parliament since 1947, paid tribute to the post-apartheid nation as a force for regional stability and growth. Picture, Page 4; Editorial Comment, Page 15

Deutsche success in Indonesia: Deutsche Telekom has beaten three other international telecoms groups to win a 25 per cent stake in Satelit Palapa Indonesia (Satelindo). Page 21

OECD to target corruption: Corrupt practices by western companies engaged in developing countries and eastern Europe are to be targeted by the OECD. Page 4

Steel shares fall in US: Shares in the US's biggest steel companies fell sharply as Nucor, the country's most profitable manufacturer, moved to cut the price of some of its products. Page 20

House debates welfare reform: The House of Representatives will debate reforming the US welfare safety net this week and is expected to approve the most radical overhaul since the 1960s. Page 7

Greece arrests suspected terrorists: Greece arrested seven members of a rightwing terrorist group suspected of launching a raid into southern Albania last April during which two Albanian soldiers were killed. Page 3

Thai airline plans $4.8bn deal: Thai International Airways is planning to buy 50 aircraft worth as much as Bt120bn ($4.8bn) over the next five years. Page 5

Restrictions on Tibetan monks: Authorities in China's Himalayan region of Tibet, seeking to crush the widespread influence of the Dalai Lama, have announced regulations to limit the number of monks in each Buddist temple.

■ STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	4,078.84	(+5.19)
NASDAQ Composite	808.55	(+0.22)
Europe and Far East		
CAC40	1,811.57	(+22.74)
DAX	1,991.75	(-13.49)
FT-SE 100	3124.2	(+34.9)
Nikkei	16,129.9	(-121.27)

■ US LUNCHTIME RATES

Federal Funds	6%
3-mth Treas Bills: Yld	5.897%
Long Bond	102$\frac{25}{32}$
Yield	7.387%

■ OTHER RATES

UK: 3-mo Interbank	6$\frac{13}{16}$%	(6$\frac{11}{16}$%)
UK: 10 yr Gilt	100$\frac{3}{8}$	(100$\frac{1}{16}$)
France: 10 yr OAT	96.8	(96.52)
Germany: 10 yr Bund	101.61	(101.42)
Japan: 10 yr JGB	104.413	104.773

■ NORTH SEA OIL (Argus)

Brent 15-day (May)	$16.76	(16.62)

■ GOLD

New York: Comex		
Apr	$383.5	(384.2)
London:		
close	$382.5	(383.0)

■ DOLLAR

New York: lunchtime		
£	1.5775	
DM	1.40175	
FFr	4.9855	
SFr	1.1635	
Y	89.325	
London:		
£	1.582	(1.5841)
DM	1.3973	(1.3865)
FFr	4.9781	(4.955)
SFr	1.1625	(1.153)
Y	89.425	(89.275)

■ STERLING

DM	2.2105	(2.1963)
Tokyo close:	Y 89.325	

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira80	Slovak Rp	KSL60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	CZK55	Israel	Shk7.90	Oman	OR1.50	Spain	Pta225
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Pso50	Switz	SFr3.60
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00
Finland	FM15	Kuwait	Fils625	Portugal (mainland)	Es230	Tunisia	Din1.500
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00

UK chancellor blames Eurosceptics for sterling's fall

By Lionel Barber in Brussels

Mr Kenneth Clarke, UK chancellor of the exchequer, reopened wounds in the ruling Conservative party yesterday by blaming Tory Eurosceptics for the recent weakness of sterling.

Mr Clarke was speaking at the end of a meeting of EU finance ministers in Brussels which discussed the recent turbulence in the currency markets. The upheaval has seen sterling plummet to a record low last week against the D-Mark, as well as continuing strain among weaker currencies in the European exchange rate mechanism.

During the meeting, European Union finance ministers agreed that the dollar was undervalued, but failed to agree whether to back an international initiative to restore order to currency markets.

In a blistering attack on the party's Euro-rebels, Mr Clarke called for a halt to infighting which was unsettling the markets and undermining the party's chances of winning the next general election.

"I don't think that some of my colleagues who keep trying persistently to raise the temperature of our relations with Europe to a great height are doing a great deal of good to market confidence," he said.

European Union split over move to calm currencies ......Page 2
UK Tories hope for rebels' backing on CAP ......Page 8

He added that he thought the Conservative party and the country were "sick and tired" of people endlessly debating the minutiae of European policy and seeking to reopen settled cabinet policy.

The chancellor made clear he was sceptical about intervening to prop up sterling, and appeared to rule out a relaxation in monetary or fiscal policy to boost the government's popularity.

Mr Clarke also poured cold water on calls by France and the European Commission for a new international initiative to restore order to the world's currency markets, via the Group of Seven industrialised countries and the International Monetary Fund.

He called co-ordinated intervention on the line of the mid-1980s Plaza accord which engineered a managed decline of the dollar "totally inappropriate" for the 1990s, when capital flows were much more liberalised. "Intervention can only succeed if it goes with the grain, if it is reinforcing a policy message," he said.

However, Mr Clarke supported France's call for the International Monetary Fund to strengthen multilateral surveillance of troubled economies such as Mexico. The UK and Germany were unhappy about the failure to detect Mexico's difficulties which forced an emergency US-led bailout, expressing their dissatisfaction through absentions in the IMF vote on the rescue plan.

At yesterday's meeting in Brussels, EU finance ministers agreed that the recent turbulence in the ERM was caused by "outside" factors.

Tokyo nerve gas attack kills 6

By William Dawkins in Tokyo

Tokyo police said yesterday the nerve gas attack on the Tokyo subway, which left six dead and about 3,200 injured, was "organised, premeditated and indiscriminate murder" by a large dissident organisation.

They said they had no clues as to the identity of the perpetrators, who deposited canisters of sarin, a lethal chemical weapon, in six train carriages at about 8am. The gas, developed by Nazi Germany in 1938, is about 50 times more toxic than cyanide.

Police said the co-ordinated attack at the peak of the rush hour, was very likely the work of a team. More than 10,000 Tokyo police were mobilised. Some western cities took extra security precautions on their underground rail systems after the Japanese tragedy.

Japanese press reports speculated that one of the country's many fringe religious cults might have been responsible. Many such cults have sprung up in recent years, claiming to offer a spiritual dimension to office workers' humdrum lives.

This is the latest, and most terrifying, in a series of mysterious releases of toxic gas at various locations over the past two years in central and southern Japan. They all remain unresolved.

Defence forces were quickly called into central Tokyo to remove the deadly canisters, showing a speed of reaction in contrast to the delays in providing official aid after the Kobe earthquake in January. Mr Tomiichi Murayama, prime minister, ordered an investigation into the tragedy.

The country tightened security on air, rail and sea routes and put 300 detectives on the case full-time.

In New York, transit police said security was on heightened alert although there was no reason to believe the city's subway would be a target. Hong Kong's Mass Transit Railway told its guards to look out for "any unusual behaviour, objects or unattended packages".

London Underground said: "We have procedures for ventilation and for evacuation and for dealing with various types of terrorist threat."

Victims of the subway nerve gas attack are laid on the ground outside Tsukiji station, Tokyo. Six people died and about 3,200 were injured. AP

Page 6
■ How sarin destroys nervous system
■ Past mystery gas attacks

Japanese military, wearing gas protection suits, were called in to remove the six canisters, concealed in lunchboxes and bags on three of Tokyo's busiest underground routes, the Hibiya, Marunouchi and Chiyoda lines. A total of 16 stations was closed, throwing much of central Tokyo into chaos. Ambulances thronged Kasumigaseki, the government district, as doctors treated office workers stretched out on the pavement. By the early evening, ambulance sirens could still be heard across the city centre.

Witnesses reported that a 30- to 40-year-old man wearing sunglasses and a dark blue coat was seen, in the morning rush hour, leaving a newspaper-wrapped box on a Hibiya line train in the inner suburb of Ebisu. They saw clear liquid leaking from the package, and soon after experienced intense pain in the eyes, sore throats and choking. A foul-smelling liquid had spread up to four metres in each direction along the floor, said firefighters.

Further down the Hibiya line towards central Tokyo, 30 passengers collapsed on a platform after inhaling the fumes.

Police believed the attack bore a resemblance to several similar gas poisonings over the past year. Earlier this month, 19 train passengers in Yokohama, a port near Tokyo, were taken to hospital after being overcome by a foul smelling, unidentified gas.

Last June, seven people died in the town of Matsumoto, central Japan, from a release of sarin. The same gas was detected in a southern town, Kamikuishiki, a month later. No arrests have been made and the motives for the attacks remain a mystery.

Suard cites 'conspiracy' and says he is victim of legal system

By Andrew Jack in Paris

Mr Pierre Suard, the embattled chairman of Alcatel Alsthom, the French industrial group, yesterday intensified his attack on the country's judicial system, which has isolated him from his companies for the past 10 days.

Soberly dressed and calm, Mr Suard talked from a spacious apartment in the centre of Paris, because a magistrate has banned him from Alcatel's offices. "The French system is totally unjust and many Anglo-Saxons do not understand what is happening to me," he said.

Mr Suard protested his innocence in the face of allegations that his group had paid for renovations and the installation of a security alarm at his home, and that it had overbilled France Telecom. He said he had paid all personal bills and that Alcatel had contracted with France Telecom below the price of its competitors within France and abroad.

He insisted that he had no intention of resigning in spite of the investigation against him, and stressed that no formal charges had been laid: "My legal action is being conducted in public. I am prevented from working, I have no possibility to explain myself. It is a privation of my liberty. It is iniquitous."

Mr Suard said the French

Continued on Page 16
Chairman turns to media, Page 2

Turkish army invades Iraq to strike at Kurdish bases

By John Barham in Diyarbakir, Turkey

Turkey sent 30,000 troops into northern Iraq yesterday to strike against guerrilla bases of separatist Kurds, which the government has blamed for attacks on Turkish soil in recent days.

A senior Turkish army official said the troops were supported by 14 aircraft and 50 armoured vehicles in the offensive against the Kurdistan Workers' party (PKK).

The advance is the Turkish army's third and largest offensive against PKK bases in northern Iraq since 1992. The PKK has been fighting an 11-year separatist war in south-eastern Turkey, where on average 10 people are killed each day.

The official said Turkish forces had encountered heavy resistance from PKK fighters but had suffered no casualties. General Dogu Silahçioglu said: "The operation will continue until all target areas have been reached."

The army began concentrating forces along Turkey's frontier with Iraq earlier this month and yesterday's offensive was widely expected. The senior army official indicated that the order to invade Iraq was given after PKK guerrillas ambushed troops on Saturday inside Turkey.

He said: "The people who killed the 18 soldiers crossed into Turkey from the border."

Turkish government officials emphasised that the operation was aimed solely at PKK bases and not the Iraqi Kurdish bases that control an enclave in northern Iraq under western protection. "The target of the operation is the terrorist organisation. We are not aiming to fight with any [other] group in the region," a foreign ministry official said.

He denied that the incursion was timed to coincide with today's celebrations for the Kurdish new year. But independent observers believe the operation is aimed at striking hard at the PKK before its spring guerrilla offensive gets under way.

However, western military specialists say the PKK long ago moved its main camps away from the region and those remaining were expecting a Turkish attack. One diplomat said the attack was probably intended as a warning to the Iraqi Kurds – who established a semi-independent enclave in northern Iraq after the Gulf War in 1990 – that Turkey would not tolerate the establishment of a separate Kurdish state.

The Iraqi Kurds are protected from attack by Iraq by western air forces maintaining a no-fly zone established by the United Nations. Aircraft from France, the UK and the US as well as Turkey patrol northern Iraq.

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Intl. Companies 18,20,21
Markets
Commodities 23
FT Actuaries 30
FT World Actuaries 34
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Ukraine signs accord on Russian debt

By Matthew Kaminski in Kiev and Chrystia Freeland in Moscow

Ukraine yesterday signed a *deal to restructure $2.5bn of its* debt to Russia, marking a big advance in Kiev's efforts to implement an economic stabilisation programme this year.

The debt deal, which went ahead despite Ukraine's imposition last week of tough new measures to subdue pro-Russian separatists in the breakaway Crimean peninsula, also suggests that the traditionally frosty relationship between the two Slav giants is thawing.

This Slavic detente was brokered in part by the International Monetary Fund, which has reached preliminary agreements to extend standby loans to both Ukraine and Russia this year and used that leverage to put pressure on Moscow to come to terms with its southern neighbour.

Russian officials said that *the personal intervention of Mr* Michel Camdessus, head of the IMF, was crucial in persuading Moscow to reach an agreement with Kiev.

"Mr Camdessus is a brave man because he believes Ukraine will fulfil all its current debt obligations," said Mr Andrei Vavilov, Russia's deputy finance minister and the main Russian negotiator of the agreement. "But since Mr Camdessus believes in the Ukrainians, we are willing to support him and believe in them too."

The IMF, whose representatives sat in on negotiations over the weekend in Moscow, where a final agreement was hammered out, has pushed Russia to reschedule the Ukrainian debt because western economists have said that without a deal with Russia, Ukraine would be unlikely to succeed in stabilising its economy this year. The debt agreement removes one of the last remaining hurdles to the release of the $1.8bn IMF standby loan to Ukraine at the end of the month.

Group of Seven countries, which are expected to be asked at a donors' meeting in Paris today to contribute $900m towards financing Ukraine's $5.5bn balance of payments gap, have also been reluctant to back Kiev without a Russian contribution to the bail-out. Now that Russia has come through by agreeing to yesterday's debt deal, and a preliminary agreement has been reached with the IMF, G7 countries, especially the more reluctant Europeans, will be under strong pressure to back Ukraine's reform effort.

Mr Oleg Soskovets, the Russian deputy prime minister who signed the agreement in Kiev yesterday, acknowledged as much, saying that "this deal will help get assistance for Ukraine". Russian officials in Moscow also said the deal *could give the Russian reform* effort a boost by helping to resolve the payments crisis which threatens to paralyse the Russian economy.

Mr Vavilov said that Russia and Ukraine had reached a two-tiered deal which establishes different terms for the money Ukraine owes the Russian government and Ukraine's debt to Gazprom, Russia's partially privatised natural gas giant. Ukraine had promised to pay the interest which falls due this year on the $1.144bn it owes directly to the Russian government, he said. Payments on the principle had been deferred.

An agreement had also been reached on the $1.4bn Ukraine owes the company for natural gas this year.

European Union finance ministers yesterday gave a "positive" signal to Ukraine that it would be getting its promised Ecu85m (£70m) on condition the EU and Group of Seven plan *for closing* the Chernobyl nuclear plant is implemented quickly, Reuter reports from Brussels. Payment of the money is "a function of the results of a visit by EU experts to the nuclear plant", said Mr Eduardo Catroga, the Portuguese finance minister.

Meanwhile, Russia yesterday rebuffed a call by the autonomous Crimean peninsula to intervene in its political dispute with Ukraine, writes Matthew Kaminski from Kiev. Mr Oleg Soskovets, Russian first deputy prime minister, arrived in Kiev yesterday to conclude a landmark co-operation treaty with Ukraine, ignoring Crimea's *call at the weekend to* boycott the talks. "Ukraine's domestic problems are their own," he said.

EU split over move to calm currencies

By Lionel Barber in Brussels

European Union finance ministers yesterday agreed that the dollar was "manifestly undervalued", but split over whether to back a new international initiative to restore order to the world's currency markets.

France, supported by the European Commission, called for the Group of Seven industrialised nations and the International Monetary Fund to take the lead in devising a coordinated approach, possibly along the lines of the 1985 *Plaza accord* which engineered a decline in the dollar.

But after the meeting in Brussels, the UK poured cold water on the idea. Mr Kenneth Clarke, UK chancellor of the exchequer, described co-ordinated 1980s-style intervention to steer exchange rates as "totally inappropriate" in the 1990s.

Germany, a member of the *G7 alongside France and the* UK, conspicuously avoided backing any initiative to halt *the decline in the dollar, which* has led to turmoil in the European exchange rate mechanism.

The upheaval has triggered sharp falls in the Italian lira, the Spanish peseta, the Portuguese escudo and the British pound against the D-Mark, as *well as weakness in the Bel*gian franc, Irish punt and French franc.

The strains have raised questions about prospects for European monetary union, especially by 1997 which is the earliest date set down in the Maastricht treaty.

Mr Edmond Alphandéry, the French economics minister who chaired yesterday's meeting, said that recent currency volatility inside the ERM vindicated the goal of Emu. Fixed exchange rates would remove currency fluctuations and made Emu more possible as it was more desirable. "The sooner, the better," he said.

Mr Alphandéry issued a "personal" statement calling *for the interim committee* of the IMF to look at ways to strengthen multilateral surveillance of troubled economies to pre-empt upheaval in the financial markets.

"We must have more confidence in our capacity to reinforce the stability of the system. It is up to the G7 and the IMF to reflect in depth on this matter," he said.

Mr Alphandéry did not directly endorse a weekend call by Mr Jacques Santer, president of the European Commission, for a "Plaza Two" to restore calm to the markets. But he said that his thinking was similar to the Commission president's.

The absence of a joint statement by all member states reinforced suspicions that the French presidency of the EU had not been able to bring everyone on board.

Mr Clarke dismissed calls for co-ordinated currency intervention on the grounds that domestic policy was the key influence on exchange rates. He added that 1980s-style intervention on the lines of the G7 Plaza and Louvre accords was "*totally inappropriate*" in the 1990s, where capital flows were much more liberalised.

Mr Clarke however made clear that he supported French proposals for the IMF to strengthen its policy of multilateral surveillance.

Mr Gyula Horn (left) exchanges documents at the Paris conference with his Romanian counterpart, Mr Nicolae Vacaroiu (right), watched by the French premier, Mr Edouard Balladur *Reuter*

Balladur makes plea for European defence force

By Edward Mortimer and *David Buchan in Paris*

A strong plea for integrated European defence forces was made yesterday by Mr Edouard Balladur, the French prime *minister, as he opened a pan*-European security conference attended by more than 50 gov*ernments.*

Going well beyond the cautious proposals recently put forward by Britain, *Mr Balla*dur said a European "capacity to act" in the defence field was "at least as essential" as the maintenance of "an effective transatlantic relationship" in the same area.

It should be based, he said, on the Western European Union (which includes 10 of the 15 European Union member states) and should include "multinational forces on the model of the European Corps", equipped with "satisfactory logistic resources" and "instruments of planning and intelligence which will enable them to intervene in the service of peace".

The need for such a defence and security organisation was shown, Mr Balladur said, by Europe's failure "to intervene rapidly and *massively* under the aegis of the United Nations" in former Yugoslavia. Although the Europeans had eventually provided more than *half* the UN Protection Force in *former* Yugoslavia, *their effort* had not had the political weight it should have had *because it was only the* "addition of partial contributions" and so did not reflect "a real collective *determination* by the EU to act with solidarity and coherence in favour of a peace settlement".

The prime minister's impassioned plea contrasted with the rest of a *largely* self-congratulatory speech, in which he hailed the success of his brainchild, the European stability pact, launched two years ago as "the Balladur plan".

The pact is a loosely connected bundle of some 100 bilateral treaties and agreements between central and east European states, intended to prepare them for future EU membership, and attached to a general declaration of "good neighbourliness". At yesterday's conference it was formally approved and handed over to the Vienna-based Organisation for Security and Co-operation in Europe, which will monitor compliance with the treaties.

One treaty in particular, between Hungary and *Romania, is still missing,* as negotiations in Budapest stumbled last week over a clause *relating to autonomy for the* 1.6m ethnic Hungarians in Romania. But the premiers of both countries pledged yesterday to resume the talks, which they described as "nearly completed", next month.

The Hungarian prime minister, Mr Gyula Horn, also signed a treaty with his Slovak opposite number, Mr Vladimir Meciar, guaranteeing borders and minority rights. Other agreements included in the pact cover the rights of ethnic Russians in the Baltic states.

Editorial comment, Page 15

Pasqua: premier handicapped

Break with past, Pasqua urges PM

By David Buchan in Paris

Mr Edouard Balladur, French prime minister, was yesterday urged by his main Gaullist supporter, Mr Charles Pasqua, to boost his lagging campaign by calling for a more radical "rupture" with the past 14 years of Socialist presidential rule.

In an interview with Le Monde, Mr Pasqua, the interior minister, indicated that, in his view, Mr Balladur has erred in "banking more on continuity than a break" in policies. But the interior minister said Mr Balladur was handicapped by the fact that, as premier under Socialist President François Mitterrand, he was considered by the electorate as a sort of "*co-president* or incumbent vice-president".

Clearly sharing the wide*spread analysis in the Balladur* camp that Mr Balladur has proved a good premier but a *less than stellar presidential* candidate, Mr Pasqua said that "one is not elected because one has governed well".

In an admission that must have made Mr Balladur wince, Mr Pasqua said the prime minister should never have involved himself in last month's phone-tapping case in which the interior minister and his police were reprimanded by the judiciary. Mr Balladur intervened "out of a proper desire to sort things out, but found himself implicated" in the affair which sent him plummeting in the polls, Mr Pasqua said.

Like many pro-Balladur Gaullists these days, Mr Pasqua had praise for the campaign waged by the former *leader of his party, Mr Jacques* Chirac, currently ahead in the polls. But Mr Chirac's call for reflationary economic and employment policies were incompatible with restraints imposed by the Maastricht treaty, he said.

A further good augury for Mr Chirac has come in the form of support from Mr Jean-Pierre Soisson, a centrist MP and mayor of Auxerre who is one of the great bell-wethers of French politics. Mr Soisson, who successively served in a centre-right government under ex-President Valéry Giscard d'Estaing and in the two subsequent Socialist governments, has described Mr Chirac as the best candidate for "the aspirations of the people and the *needs of the country*".

Europa, Page 14

Bank of Crete comes under new investigation

Long-troubled Greek bank is to get a wash and brush-up, writes Kerin Hope

Greece's troubled Bank of Crete is under investigation again, six years after a $200m embezzlement scandal involving its owner brought down the Socialist government and raised questions about the central bank's commitment to supervising the banking system.

The sacking last month of Mr Costas Kalyvianakis, the commissioner placed in charge of Bank of Crete by the central bank after the Socialists returned to power in 1993, marks the start of a fresh attempt to clean up the bank's balance sheet and return it to private ownership.

Mr Loukas Papademos, who *took over as central bank gov*ernor four months ago, said legislation to restructure the *bank by splitting off assets and* liabilities associated with the embezzlement would be pres*ented for parliamentary* approval soon.

The "bad bank" established *by the split would be liqui*dated after settling obligations to the central bank and other *creditors, while the restruc*tured Bank of Crete, with equity capital equal to its assets, would be offered for sale.

Mr Papademos said: "We want to accelerate the process of restructuring and selling the bank. These two steps must be the final chapter in the Bank of Crete affair."

The hardest part of Mr Papademos's task was to find a new commissioner to oversee the investigation and preparations for privatising the bank. Eventually Mr Costas Georgakopoulos, a former deputy governor of National Bank, Greece's biggest state-owned bank, agreed to take on what has become the most uncomfortable seat in Greek banking.

Bank of Crete's former owner and managing director, Mr George Koskotas, is serving a jail sentence for embezzling *funds equivalent to $200m.* Part of the missing money was allegedly transferred in cash to *officials of the governing Pan*hellenic Socialist Movement in payment for political favours *that helped Mr Koskotas* acquire a property and media empire in the late 1980s.

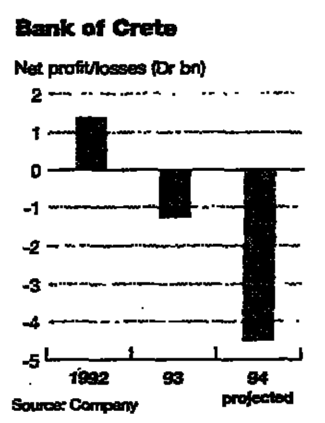
Mr Andreas Papandreou, the prime minister, was also accused of involvement in the scandal, together with three former cabinet ministers. In 1992, while in opposition, he was acquitted of taking bribes and breach of faith after a year-long trial which he refused to attend.

However, the scandal also stained the central bank's reputation as Mr Koskotas was found to have used a relatively simple method of siphoning off funds being transferred between Bank of Crete branches. Not only did supervisors fail to detect fraud during routine checks, but the central bank delayed launching an investigation for several months after Bank of Crete was known by other Greek banks to be in difficulties.

Once the fraud was *revealed, the central* bank took control of Bank of Crete, annulling the *share capital held by Mr Kos*kotas and providing a Dr25bn ($110m) interest-free loan to *cover losses from the embezzle*ment. Despite a rush of withdrawals, which reduced the *bank's deposit base* by more than 50 per cent, confidence was restored within a few months as the bank continued normal lending activities.

With a network of more than 80 branches – large by Greek *standards – and an up-to-date* computer system, Bank of Crete looked set to recover. *But for five years central bank* officials bickered with the economy ministry over *whether the bank should* remain private or be taken under state control.

Under Mr Kalyvianakis's stewardship, the bank's financial position deteriorated rapidly, with 1994 losses projected at more than Dr4bn against Dr1.2bn the previous year. Other Greek banks are reporting profit increases of between 15 and 40 per cent for 1994.



Mr Kalyvianakis, a personal friend of Mr Papandreou who acquired a reputation for risk-taking while running state-controlled Bank of Attica a decade ago, blamed his predecessor for the bank's mounting losses. He claimed after his dismissal that non-performing debt from the early 1990s now amounts to Dr43bn, equivalent to almost one-third of the bank's loan portfolio. He is now under judicial investigation on charges of breach of trust.

Central bank officials brushed aside Mr Kalyvianakis's claims, accusing him of "*poor management* and inappropriate conduct". His sacking was provoked by his public *opposition to the central* bank's restructuring plan in favour of an internal re-organisation of his own devising that would leave Bank of Crete under state control for several more years.

An inquiry revealed that Mr Kalyvianakis was applying what one official called "the traditional bad practices" of state-owned Greek banks: lending on generous terms to companies whose owners are close to the government, accruing interest on non-performing loans in order to boost the balance sheet and adding political and family appointees to the bank's payroll.

The economy ministry is backing the restructuring plan, not just because the sale of Bank of Crete to a private Greek or foreign bank would restore the central bank's credibility as a regulator, but to boost competition in a market dominated by large state-owned banks.

Economy ministry officials say they have *already* received informal offers from several banks and groups of businessmen to buy Bank of Crete. However, as the bank's assets, amounting to some Dr300bn, are expected to shrink substantially in the restructuring, a buyer would have to provide a large capital injection to make the bank profitable again.

Banned Alcatel Alsthom chairman turns to media

Suard takes fight against injustice to wider world

For a man who dislikes the media, Mr Pierre Suard, the chairman of Alcatel Alsthom, has developed a remarkably pragmatic willingness to cultivate journalists since he was banned 10 days ago by a judicial order from contact with the industrial group he heads.

After breaking his silence on prime-time French television last Wednesday, Mr Suard seems to have taken up his new role with some relish. He followed up with a detailed question-and-answer session in the daily Le Figaro newspaper on Thursday.

Yesterday he turned his attention beyond French boundaries for the first time. Speaking to the Financial Times, he said he was particularly keen to express his concerns to the Anglo-Saxon world, which he feels has misunderstood the judicial system in France and his current predicament.

This belief, combined with the *practical difficulties of an* order banning him from contact with Alcatel, added to the difficulties in arranging the interview. To meet him required several days' patience, negotiations with an intermediary, and an assurance that the journalist had some understanding of the French legal system.

Mr Suard insists a misunderstanding by journalists of the legal system has led to a misrepresentation of his position in the media.

The interview was conducted in a spacious, classically furnished first-floor apartment in Paris' fashionable seventh arrondissement, where a genial-looking "minder" in leather jacket and sunglasses kept guard outside the apartment.

Normally intensely private and reserved, Mr Suard looked relatively relaxed and only occasionally showed signs of agitation as he emphasised his main theme: "the injustices against the group and myself".

Mr Suard stressed his intense dislike of the media, a feeling fuelled by his frustration at seeing details of his supposedly private interviews with judges and the police reported in the following day's newspaper. He said the newspaper reports were "true but partial" representations of the facts.

He refused to comment on how these leaks might have occurred, but added that his legal advisers had filed complaints.

"The law says the *instruction* is secret. This secrecy is not respected."

However, after newspaper and television reports of his situation had provoked public support, he said: "I have received many expressions of sympathy, many thousands of letters and faxes from ordinary people I don't know, saying 'We don't know you but we support you, fight on'." Since his television appearance, he said, "even when I walk on the street people approach me. They are all friendly."

Asked how he was coping under the ban on contact with Alcatel, he said he was confident that the group's decentralised system of governance would allow it to continue operating without him. But he expressed frustration at both the pressure on his family, and in not being able to work. "It's a waste," he said. "I resent it. I am used to working 12 hours a day."

He indicated that reports of his salary at FFr13m ($2.61m) a year were broadly accurate for last year, but stressed that about half of this figure was related to the performance of the group. He said he was paid less than his competitors in other countries but that criticism of his income reflected "the hostility of the French cultural system, something inherited from the Latin, Catholic tradition".

Andrew Jack

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EUROPEAN NEWS DIGEST

EU considers size of fish

Mrs Emma Bonino, the EU fisheries commissioner, said yesterday that Brussels would consider the introduction of a *minimum* size for fish caught in the contested fishing grounds just outside Canada's 200-mile limit. But she insisted that reaching a *compromise* with Canada on the share-out of a quota for Greenland halibut, known as turbot in Canada, would only be possible under the umbrella of the North-West Atlantic Fisheries Organisation (Nafo), which monitors fishing in the grounds known as *the Nose and Tail of the Grand* Banks, off Newfoundland.

A Nafo meeting, which the EU had requested should be held this week, was postponed after Canada asked for a delay. "We have asked for a meeting to be held as soon as possible", a Commission official said. Mrs Bonino said progress had been made in talks between technical experts, which ended on *Friday night*, particularly on the question of controls. The EU has proposed satellite monitoring of the grounds while Canada has suggested *a Nafo observer* on board each ship. Nafo regulations only set limits on the size of fish nets which can be used to catch Greenland halibut. *Caroline Southey, Brussels*

Greece holds terror suspects

Greece's public order ministry yesterday announced the arrest of seven members of a right-wing terrorist group suspected of launching a raid into southern Albania last April during *which two* Albanian soldiers were killed. The men were picked up on Sunday while attempting to cross the border into Albania, ministry officials said. The arrests came a week after Mr Carolos Papoulias, Greece's foreign minister, patched up relations with Albania *during a visit to Tirana*.

Mr Papoulias said yesterday the group, known as the North Epirus Liberation Front *(MAVE), was supported by "national*ist circles in Greece and abroad which are opposed to rapprochement with Albania" and pledged it would be "neutralised". North Epirus is the Greek name for southern Albania, where a large ethnic Greek majority lives. Last year's border incident caused a serious rift in Greek-Albanian relations; the ethnic Greek minority claimed human rights abuses, while Greek investment in Albania was frozen and more than 40,000 Albanians working in Greece were expelled. *Kerin Hope, Athens*

Fiat to take on 3,000 workers

Fiat, *the Italian automotive and industrial group, is to take on* 3,000 workers this year, Mr Cesare Romiti, chief executive, has told unions. *The unions are negotiating* with Fiat over the introduction of a six-day working week at the group's main car production plants in Turin, which would mean the end of overtime for Saturday working. Last year, workers at Fiat's Termoli plant in southern Italy voted to accept a more flexible working week after the group threatened to pull out of investment aimed at expanding engine-manufacturing capacity.

Mr Romiti yesterday said the group had taken on more than 9,200 people between the start of 1994 and February this year, not only in the cars division but also at the group's truck, component and metals subsidiaries. Unions welcomed the news but said the new jobs were foreseen in existing agreements between unions and management. They added that it was important to find a more flexible system which would end the uncertainty of temporary lay-offs during recession, and six-day working when demand was strong. Fiat, which will reopen negotiations about Saturday working in Turin tomorrow, *has indicated it will report a L1,750bn ($1bn) profit before* tax for 1994, following the record losses of 1993. *Andrew Hill, Milan*

Tapie lied 'in good faith'

Mr Bernard Tapie, the Radical party politician and former chairman of Marseilles soccer club, told his trial on match rigging charges yesterday that he had not always told the truth but had only "lied in good faith". Asked at the trial to account for statements in the media in which Mr Tapie said everyone at the trial, himself included, had "lied" or "told their own versions of the truth", Mr Tapie said: "I have lied in good faith". The judge retorted: "You could get that phrase meditated on in a philosophy manual." In yesterday's proceedings Mr Tapie also faced renewed charges from Mr Jean-Pierre Bernes, a former director-general of the Marseilles team, that he *had instigated the bribery of Valenciennes players to lose a* key 1993 league match. *Reuter, Valenciennes*

Top film-makers lobby MEPs

Six of Europe's leading film organisations have banded together to promote the expansion of the European audiovisual industry and to lobby the European Commission. The companies – Bertelsmann of Germany, Chargeurs of France, PolyGram of the Netherlands, Rank of the UK, RCS of Italy and Sogepaq of Spain – want an improved copyright regime and tax and financial incentives for film-makers. "A number of steps must be taken if Europe is to eliminate some of the structural weaknesses that currently affect the global competitiveness of its audiovisual industry," the group says.

In a memorandum sent to the European Commission and MEPs it seeks a copyright regime which gives the producer control over the *commercial exploitation of a film so that* there is adequate reward for the degree of risk, and the ability *to write off 100 per cent of production expenditure once a film* is complete. Generous tax breaks in Ireland and France have *underpinned expansion* "while encouraging both creativity and commercial initiatives".

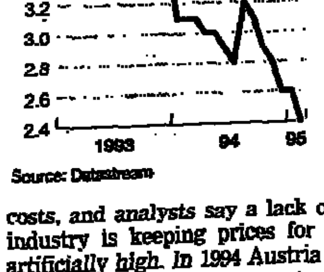
The film-makers also suggest the remit of the European Investment Fund should be extended to films to attract additional finance by providing long-term guarantees, cheaper loans and off-balance sheet funding. They point out that the European audiovisual industry could ultimately provide as many as 4m jobs in Europe. *Raymond Snoddy, London*

ECONOMIC WATCH

Austria keeps lid on inflation

Austria

Inflation, annual % change in CPI



Source: Datastream

Austrian consumer prices rose only 2.4 per cent year-on-year in February after increasing 2.6 per cent in January and December, the Central Statistics Office reported yesterday. Consumer prices rose 0.5 per cent *in February* from January. The increase *suggests that* Austria's entry into the European Union has *done little to* damp down inflationary pressures. In January, consumer prices rose 0.8 per cent from December, even though EU membership lowered prices for milk and other food products. But this was offset by a rise in medical costs, *and analysts* say a lack of competition in the retailing industry is keeping prices for many other consumer goods *artificially high. In* 1994 Austria registered an inflation rate of 3 per cent, the same as western Germany and near the EU average. *This was down* from 3.6 per cent in 1993 and 4.1 per cent in 1992. Building on this trend, the government hopes to lower inflation *to 2.5 per cent* this year, but figures suggest this goal will be hard to achieve. Moreover, a tax on petrol will rise by Sch1.20 *(12 cents)* a litre in May. Some relief could come from the surge of the D-Mark, to which the schilling is pegged, as it makes most *imports* cheaper. *Eric Frey, Vienna*

■ Italian industrial turnover rose 12.6 per cent year-on-year in December, while orders *rose* 21.6 per cent.

■ Danish consumer prices in February were 0.4 per cent up from January and 2.3 *per cent higher* than in February 1994.

Finnish poll victor keeps options open

Christopher Brown-Humes on coalition talk

The leader of Finland's Social Democrats sought yesterday to build on his party's victory in Sunday's elections by pledging to form a broad-based coalition capable of strong government.

But *Mr Paavo Lipponen*, 53, who is almost certain to be the next prime minister, warned the process could take some weeks and declined to disclose his preferred partners. "A broad-based coalition and a strong government are needed. We do not exclude any options," he said.

The Social Democrats *achieved their best election* result since the second world war, *winning 28.3 per cent of* the vote, against 22.1 per cent in 1991.

The other main coalition partner will be either the Centre party of the prime minister, Mr Esko Aho, or the Conservative party of Mr Sauli Niinistö, who were the largest members *of the defeated* centre-right coalition.

Mr Martti Ahtisaari, Finland's president, yesterday urged the main political parties to begin informal talks immediately. But he said he would not invite anyone to build a government until March 29, when the new parliament opens.

Mr Lipponen stressed his priorities were to cut the budget deficit and reduce the 18 per cent unemployment rate, which are legacies of Finland's deep 1991-1993 *recession*.

The party has promised spending cuts of about FM20bn ($4.6bn).

> 'The spending cuts are needed to get the budget deficit under control'

Mr Lipponen said: "The cuts are needed to get the budget deficit under control and get interest rates down. That will secure growth in the economy and create new jobs."

He also said he favoured an incomes policy to help keep inflation at its current level of 2 per cent.

A coalition between the Social Democrats and the Conservatives – thought by many analysts to be the most likely outcome – would revive the 1987-1991 collaboration between the parties.

Together they would hold *102 seats in the 200-seat parliament*. This may force them to *co-operate* with a third party, such as the Swedish People's party, to be sure of a strong majority.

Both the Social Democrats and the Conservatives want to cut agricultural subsidies and favour development of nuclear power to meet Finland's energy needs. *These policies* are broadly opposed by the *rural-based* Centre *party*.

However, the Centre party is expected to mount *a bid to remain in power*, citing its better-than-expected 19.9 per cent support which has made it the second biggest party. Mr Aho is regarded as Finland's most effective politician and a potentially difficult opponent if excluded from power.

Observers predict a period of tough bargaining. However, Mr Ahtisaari, who became president as the Social Democratic candidate, said he hoped the new government would take office in April.

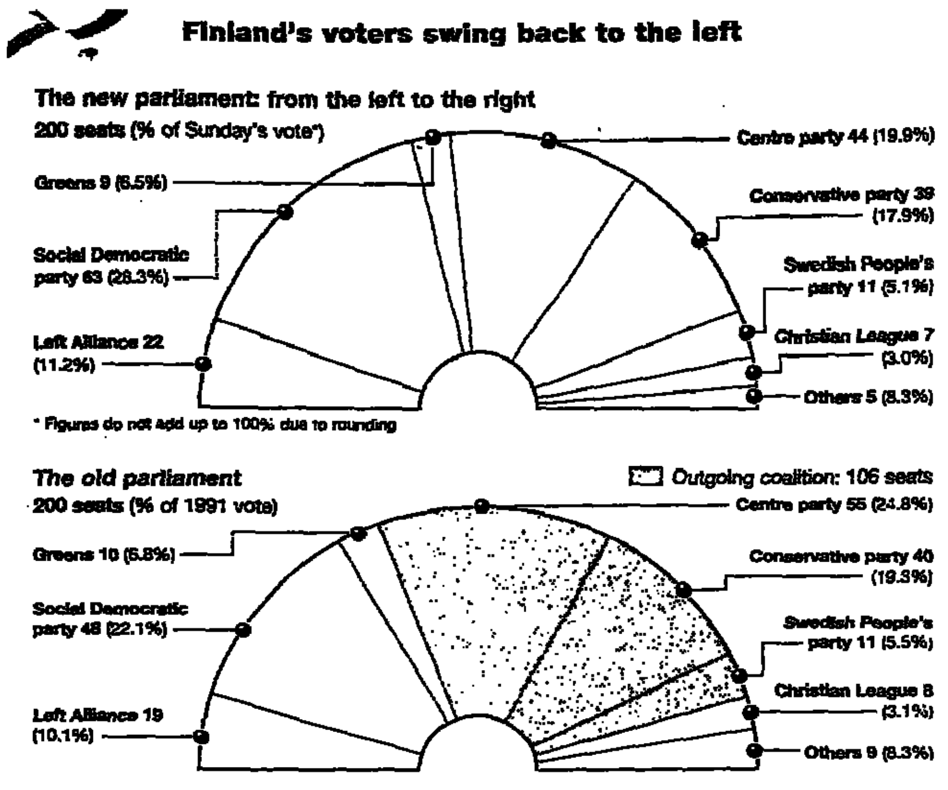
Mr Lipponen, a former political scientist and journalist, took over as chairman of the Social Democrats in 1993. As a former *head of the Finnish* Institute of International Affairs *he is at home* with foreign policy questions relating to Finland's membership of the European Union, which it joined on January 1.

He wants Finland to play an active role in Europe, but *has* avoided any line that puts him in either the federalist or anti-federalist camps. He says the country should be ready to participate in the third phase of an eventual monetary *union, but will not make any* commitments until he sees what happens in other countries.

On defence matters, Mr Lipponen wants to keep Finland's *options* open, but stresses that the country "is not some east European country which almost *despairingly seeks* the protection of western organisations like Nato".

Traders reacted calmly to *the election result*, which was in line with their expectations, and the Finnish stock exchange ended 0.18 per cent higher.

Finland's voters swing back to the left



NEWS: INTERNATIONAL

No liberation dividend for SA unions

ANC forced to rebuff allies in the struggle, writes Roger Matthews

South Africa's coalition government has surprised many people, not least the supporters of the dominant African National Congress, by the combative attitude it is taking towards pay demands.

Many of the ANC's leading members came to prominence through the unions, historically the party leaned heavily to the left, and labour militancy contributed substantially to the defeat of the apartheid system.

One of the most serious concerns about the country's long-term ability to compete internationally was that the government which took office last May would prove too sympathetic to the demands of organised labour.

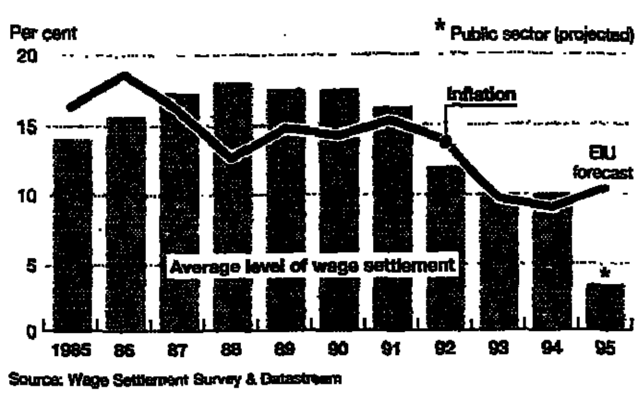
It is slowly dawning on the unions that this supposition might not be entirely correct. An early warning came in the official response to pay demands from public sector workers, most particularly the teachers who should be in the vanguard of the effort to improve educational standards among the deprived black majority.

With inflation running at about 10 per cent, South Africa's four teachers' unions asked with some hope of success for increases which would add 18.4 per cent to the total salary bill this year. The official response was an offer of 1.4 per cent. Efforts to bridge this huge gap have so far failed, with the authorities wanting to establish a task force to look at teachers' pay and conditions, and the unions not budging from their demand for a substantially improved pay offer.

Evidence of how tough the government intends to be in resisting pay rises was supplied by the budget presented to parliament last week. The increase in public sector pay is to be held at 3.25 per cent, a 6 per cent fall in real wages for the majority of workers. The government does have scope for giving larger percentage pay rises to the lowest paid, but this will have to be within its stated target of reducing public sector pay to 37 per cent of the national budget, a decline of 2 per cent.

President Nelson Mandela had already warned his political friends in the Confederation of South African Trades Unions (Cosatu) what to expect. "Without tightening our belts it will be difficult to resolve our economic problems," he said, and went on to suggest that workers might have to accept lower wages if growth was to be achieved and the 29 per cent unemployment level reduced.

Mr Mandela's message was not one that the National Union of Mineworkers, the country's largest, has chosen to hear. The miners followed the teachers' example and pitched their demands above the rate of inflation. The NUM estimated the average minimum wage within the industry at R830 (£145) a month, and said it would seek to increase this to R1,200 for surface workers and R1,325 for underground.



Source: Wage Settlement Survey & Datastream

These are just the opening skirmishes in an extensive round of wage bargaining due in the next three months, which will also take place against the background of government proposals for a radical reform of labour law.

Employers and unions are studying a draft law submitted last month by Mr Tito Mboweni, the labour minister, but have yet to respond.

It is being heralded as the most important piece of legislation to be put before parliament this year and will be negotiated initially within the National Economic Development and Labour Council (Nedlac), a new structure which is aimed at to providing the setting for a consensus between government, employers and labour on a range of economic issues. The draft law lays heavy emphasis on conciliation procedures, provides for workplace forums in companies employing more than 100, covers centralised bargaining, redundancy issues and defines what constitutes a legally protected strike or lockout.

Business South Africa, the main employers' organisation, has said that its negotiating stance within Nedlac will depend on the extent to which it believes the new legislation will contribute to economic growth, international competitiveness and job creation. Cosatu does not at this stage wish to commit itself, saying it must first complete an extensive consultation with its members – a reflection perhaps of the uncertainty felt by a relatively untried leadership following the departure last year of many senior officials to parliament and government.

Labour consultants Andrew Levy say the test for union leaders will intensify this year precisely because the grassroots will demand a greater say in decision-making. The consultants' annual report forecasts a high possibility of strikes in the public sector and fierce battles ahead as a result of "growing unionism, retrenchments, low pay increases, and high expectations".

Some 3.9m days were lost to strikes in 1994, up slightly from the previous year, but below the 4.2m lost in 1992. The government is anxious for the fall to resume this year, and optimistic that once the new labour legislation is in place there will be a more substantial reduction in strikes at the same time as real pay levels remain static or in decline. It is a formidable objective for an inexperienced government.

Queen Elizabeth and President Nelson Mandela walk to Parliament in Cape Town yesterday at the start of her first visit to South Africa since 1947. See Editorial Comment Reuter

OECD to press for anti-corruption laws

By Andrew Adonis and Andrew Jack

Corrupt practices by western companies engaged in developing countries and eastern Europe are to be targeted by the Organisation for Economic Co-Operation and Development, the Paris-based club of developed nations.

A symposium at the OECD last week, attended by senior representatives of developed and developing countries, is being seen by the organisation as the cue for it to press the case for tough anti-corruption measures.

It intends to focus particularly on persuading all west European governments to outlaw tax exemption for business expenses believed to include bribery payments, and tougher clauses in procurement contracts to restrict bribery.

A senior OECD official said: "Frankly, we are at an early stage, but it is a big advance on the position until last year when the OECD turned a blind eye to the whole issue of corruption."

An OECD task force on bribery is expected to draw up proposed measures, working with the Financial Action Task Force, a group set up by the leading developed nations in 1989 to press for legal changes – now agreed in principle by most OECD states – to restrict money laundering.

Although European governments are unlikely soon to emulate the US in criminalising corrupt practices by their nationals abroad, the OECD views this as a longer-term goal, alongside the promotion of greater transparency and democracy within developing countries.

Mr Richard Carey, the organisation's deputy director of development co-operation, said that donor nations were increasingly shifting their view of third world development from a problem of lack of money to one caused by inadequate governance – an issue strongly linked to corruption.

Almost without exception, delegates to last week's conference declared bribery to be pervasive and deeply harmful in the developing world and the countries of the former Soviet bloc.

Mr Oscar Arias Sanchez, the former president of Costa Rica, said "the cancer of corruption" flourished "in the obscurity of totalitarianism, authoritarianism and dictatorships. [It] is best exposed, and best attacked, in a democracy." But he criticised the "double standards" of western societies which generally ignored bribes paid by their own companies to win contracts.

Nigeria appoints new cabinet after six-week gap

By Paul Adams in Lagos

General Sani Abacha, Nigeria's military ruler, yesterday assigned portfolios to new ministers after a six-week gap without a cabinet during which the regime has faced at least one attempted coup and arrested many serving officers and a former head of state.

The emphasis of this new cabinet, whose power is limited so long as an all-military provisional ruling council remains in place, is on safety as the regime tries to consolidate after 18 months in power.

Mr Anthony Ani, acting finance minister since last October, is confirmed as minister of finance. International creditors will see this as a sign of continuity. Mr Ani announced a budget in January which scrapped foreign exchange and investment regulations and offered some concessions to investors. But donors say that Nigeria is still a long way from a deal with the International Monetary Fund, necessary for aid and debt relief.

Mr Dan Etete, the new petroleum minister, is a former businessman with no previous experience of the oil industry. Oil accounts for more than 90 per cent of Nigeria's foreign exchange income.

The new cabinet contains three new ministries – aviation, solid minerals and women – despite the government's aim to cut spending.

Eight of the new ministers were in the last cabinet, eight are serving officers at the rank of general or equivalent in the armed forces, and the bulk of the rest have been involved in the government's only political initiative, the constitutional conference.

Key posts are occupied by civilians who back the regime's hard line against opponents and against calls for an early handover to civilian rule. Mr Tom Ikimi, the new foreign minister, was until recently Gen Abacha's adviser on political affairs. He will face criticism in the west of Nigeria's record on democracy and human rights.

Mr Babagana Kingibe, who moves from the foreign ministry to internal affairs, was vice-presidential running mate to Mr Moshood Abiola in the 1993 poll which was annulled after their victory.

Mr Michael Agbamuche continues as attorney general and justice minister. Two political trials are pending against leading opponents of the regime.

Mr Abiola, who has been in jail since he proclaimed himself president last June, is charged with treason. Mr Ken Saro-Wiwa, who has championed minority rights in oil-producing areas, is being tried by special tribunal for the murder of four tribal chiefs.

The recent arrests of two retired generals turned civilian politicians came after the military claimed it had foiled an attempted coup.

INTERNATIONAL NEWS DIGEST

US aid to Egypt may be reduced

Egypt and the US yesterday publicly admitted that the $815m (£515.8m) a year in civilian economic assistance to Egypt may have to be scaled down. "We don't expect that aid will last forever. We know very well that there will come a time when it will be reduced, and we have no problem with that," said Mr Hosni Mubarak, the Egyptian president, at a joint press conference with Mr Al Gore, US vice-president, intended to promote a "partnership for growth", a new framework for Egyptian-American bilateral economic relations.

Possible aid cuts would not be implemented immediately and Mr Gore confirmed the Clinton administration's commitment to the current level of aid for the fiscal year 1996.

Despite assurances that the "partnership" – which emphasises the role of the private sector and the creation of an economic climate conducive to private sector activity – was not meant to replace the US assistance programme, statements by Mr Brian Atwood, head of the US Agency for International Development, indicated that the partnership could be a viable alternative to foreign assistance. "We believe that if some breakthroughs can be made here on the private side, then less aid may be appropriate . . . possibly three or four years down the road we may want to see modifications in the programme," he said. This would conform with US policies to move away from government-to-government assistance programmes towards private sector development, in what the US administration is calling its New Partnerships Initiative. *Shahira Idriss, Cairo.*

US halves annual grain aid

The US has disappointed fellow food donors to the Third World by halving its annual grain contribution in a move that shows the constraints the new Republican Congress is putting on foreign aid programmes. The Food Aid Committee, which distributes cereals to countries with traditional or emergency food shortages, announced "with regret" that the US had cut its minimum annual commitment to 2.5m tonnes of grain from 4.47m tonnes. The US representative said "limited budgetary resources" forced the reduction, but emphasised that "the commitment figure was a minimum" and hoped it would be exceeded by the amounts actually shipped by the US.

Total shipments of grain under the Food Aid Convention, an agreement by eight rich countries to help developing countries with food shortages, have been falling since the late 1980s. The shipment for 1993-94 is expected to be around 8.7m tonnes, down from a peak in 1987-88 of 13.6m tonnes. More than half the annual delivery of grain goes to Africa, with the rest distributed between Central and Latin America and Asia. The 44 per cent cut in the US contribution is the most drastic reduction since the aid pacts were put together in 1967. *James Harding*

WHO warns over TB threat

The worldwide death toll from tuberculosis will rise from 3m to 4m a year by 2005 unless new TB control strategies are introduced, the World Health Organisation warned yesterday in New York. The WHO's recommended strategy is called Directly Observed Treatment, Short-course (Dots). It requires health workers to watch their patients swallow each dose of antibiotics, once a day for two months and then three times a week for four months. Without direct supervision, many patients stop taking their medicines before the bacteria have been completely eradicated; this leads to the emergence of dangerous drug-resistant strains of TB.

Dr Arata Kochi, TB programme manager for WHO, said a global campaign based on Dots could save 12m lives over the next decade, at a cost of $360m a year. Isolated success stories in New York city, China and Tanzania showed that the strategy could work. But the overall death toll from TB – the biggest killer of all infectious diseases – is increasing, with a particularly sharp rise in cases in eastern Europe. "TB deaths are increasing in this region after nearly 40 years of steady decline, as a result of the enormous political, social and economic changes," the WHO says. *Clive Cookson, London*

Battle to beat the west in emerging medicine markets

Peter Montagnon on a Bangladeshi company's drug sales strategy

Somewhat cheekily, Mr Delwar Hossain Khan, managing director of Bangladesh's leading pharmaceutical company, says he can take on Glaxo even after its takeover of Wellcome.

His company, Beximco Pharmaceuticals, will soon be sending its first consignment of intravenous fluid to Vietnam. It wants to develop a market there before eventually building a plant in Ho Chi Minh City. This will be a test of Mr Khan's theory that pharmaceuticals companies from developing countries are better placed to tap emerging medicine markets than their western counterparts.

Unlike the latter, which spend heavily on research and produce sophisticated but expensive products, Beximco produces relatively simple products cheaply. It does not need to recoup the cost of research in its selling price.

A good supply of basic drugs is what markets like Vietnam require, says Mr Khan. As they grow richer, more people in developing countries will be able to afford medicines, but the market will expand horizontally with more people buying simple drugs. He believes there will be less emphasis on vertical expansion, which involves growing sales of sophisticated products to a small segment of the population at ever-increasing prices.

"Western companies have to realise they cannot pursue the same policy on profit and pricing as they do at home. In developing markets, we'll have a higher market share than Glaxo, but in simpler products," says Mr Khan.

Beximco is no stranger to exporting. It has sold antibiotics and intravenous fluids as far afield as Iran and South Korea and has even registered its products in Russia. When Bangladesh lifts foreign exchange controls on outward investment next year, Beximco plans to use the opportunity to start work on its Vietnamese plant, a joint venture with a local partner and Fresenius, a German equipment supplier.

Mr Khan believes that with low wages and low research costs, his company can produce basic drugs cheaply. That suits his home market too. In Bangladesh the annual government spend on medicines is only $1 a head of the population, and only 40 per cent of people actually buy medicines. The scope for higher volume sales of simple drugs is large. Unlike Glaxo, Beximco is not dependent on the product cycle.

But the art is to maximise price by careful quality control and marketing. The ever-ambitious Mr Khan will fly to Washington next month to seek US Food and Drug Administration certification of a new plant he is building on the outskirts of Dhaka. The idea is not to export to the US but to use the approval to establish credibility elsewhere.

Not surprisingly, Beximco has attracted the attention of investors in the stock market, where it is one of Dhaka's best-traded issues.

Not all analysts are as sanguine as Mr Khan, though. Mr Yeoh Keat Seng of Crosby Securities rates Beximco a buy largely because of its prospects in the domestic market. But he is cautious about the speed with which exports will take off. The Vietnamese market offers good opportunities, he says, but companies in Malaysia and Singapore which are closer to it culturally may have the edge.

Tighter patent rules in the wake of the Uruguay Round may also eventually cramp Beximco's style. There is no immediate intellectual property problem in sales of intravenous fluids and antibiotics to Vietnam, but Bangladesh is now a member of the World Trade Organisation and is tightening up on the protection of patents.

Mr Khan says some of Beximco's products are copies of western products but the five-year transition period for existing drugs means his business will be little affected. By then the western drugs themselves will be out of patent.

But according to Mr Gerhard Doege of Ciba-Geigy (Bangladesh) Beximco may find it harder to launch new compounds in future.

Mr Khan is unperturbed. Take China, he says. Whatever the rules on patent protection, the Chinese will quickly learn to match US products in most sectors, not just pharmaceuticals. "The only things the US will be able to sell to them in 10 years' time are movies, Coca-Cola and hamburgers."

WORLD TRADE DIGEST

Telecoms link to aid airlines

A group of eight national telecommunications operators from Asia, Europe and the US have formed an alliance to offer a global telecoms service to airlines. They are Comsat Mobile Communications of the UDS, Telecom Malaysia, Indosat of Indonesia, the Communications Authority of Thailand, KDD of Japan, Korea Telecom, Philippine Long Distance Telephone and Telecom Italia. Taiwan's International telecom Authority is expected to join the network later.

Several of the companies already offer voice and data services to aircraft using satellites owned by Inmarsat, the international mobile communications company. Mr Christopher Leber of Comsat, chairman of the new organisation which is called the Skyways Alliance, said the aim was to provide a seamless global service, enabling members without satellite ground stations to participate in the global network.

Most members are also in Inmarsat. Mr Leber said there was no competition between the new alliance and the international organisation, itself a provider of services. Aeronautical telecoms services were just beginning to pay dividends after a period of poor profitability for airlines. The worldwide market was probably worth $35m a year and growing. Comsat alone had annual revenues of about $7m. *Alan Cane, London*

Talks on flights to restart

The UK and US are tomorrow expected to restart talks in London on airline services between the two countries. Bilateral negotiations were abandoned by the US at the end of 1993 when the UK refused to open London's Heathrow airport to further US airlines. At present, American Airlines and United Airlines are the only two US airlines allowed to fly into Heathrow. The talks are expected to last until the end of this week. *Michael Skapinker, Aerospace Correspondent*

Beijing-Great Wall rail deal

Pacific Rim Construction Consortium, which groups Australian engineering, design and project management companies formed to pursue opportunities in China, has signed a draft agreement to build and operate an A$400m (US$296.2m) Beijing-Great Wall light rail project. The link, to start in central Beijing, will run for 60km, past the Ming Tombs to the Great Wall.

It will be financed by the consortium, whose members include Indosuez Australia, part of the French banking group, and operated by it for 30 years before control reverts to China.

Further project studies will be completed this year for engineering work to begin in either late 1995 or early 1996, to open in late 1998. Then, PRCC estimates passenger demand could run to 260,000 a day, rising to 750,000 by the year 2010. The consortium partners include Folkstone, the property developer; John Holland, the engineering group; Rider Hunt, cost managers; Peddle Thorp and Godfrey Spowers, two design companies; VICC, legal and financial advisers; and Indosuez Australia. *Nikki Tait, Sydney*

Australia-China steel accord

The Boulder Group and Australian Overseas Resources have signed a $61m deal with Guangzhou Iron and Steel to produce stainless steel products. The project will start with the construction of a stainless steel micro-mill in Guangzhou to produce 110,000 tonnes a year of stainless steel bar and wire rod. The joint venture partners will develop a compact stainless steel strip production facility for hot rolled and cold rolled strip, with capacity of 300,000-500,000 tonnes a year. The plant will also produce 15,000 tonnes of stainless and other specialty steel tubular products each year. *Tony Walker, Beijing*

Contracts and ventures

■ Fincantieri of Italy has started work on three monohull fast ferries which should halve the crossing time between Italy and Greece. The order is being carried out for Ocean Bridge Investments, an Italo-Greek company based in Genoa. The first vessel, to carry 600 passengers and about 170 cars, should enter service in spring next year. No value was given for the contract. *Andrew Hill, Milan*

■ Sweden's Comvik International is in final negotiations on a $300m deal with Vietnam communications authorities for a mobile telephone system involving use of equipment produced by Sweden's Ericsson International. *Reuter, Hanoi*

■ Pirelli, the Italian tyre and cable maker, is building a US factory to supply the fast-growing US market for optical products for the telecommunications sector. The factory, at Lexington, South Carolina, will produce optical systems for voice, data and cable television networks. *Andrew Hill, Milan*

■ Southern Water of the UK has formed a venture with foreign and Filipino partners to tap opportunities in the Philippines for water and waste water treatment projects. With the British-based engineering firm WT Partnership and its Manila subsidiary, Southern Water has set up Water and Waste Water Projects in Manila. *Reuter, Manila*

■ Associated Press Television (APTV) has signed a lease agreement for 9MHz C-band capacity on Asia Satellite Telecommunications AsiaSat-2. AsiaSat-2 said its second telecomms satellite would be launched into geostationary orbit by a Chinese Long March 2E rocket later this year. APTV is the video newsgathering arm of the Associated Press news agency. Other customers which have signed up for AsiaSat-2 include Star TV, Deutsche Welle radio and TV, and Portugal's Marconi Global Communications. *Reuter, Kuala Lumpur*

Thai Airways to buy 50 new aircraft

By William Barnes in Bangkok

Thai International Airways is planning to buy 50 aircraft worth as much as Bt120bn ($4.8bn) over the next five years to reduce the number of differing aircraft in its fleet from 15 types to 5. Mr Amaret Sila-on, the airline's chairman, said the cost of upgrading the fleet would be partly offset by selling up to 46 of the aircraft in the 61-strong fleet.

The purchases will reduce maintenance, operational and training costs which have been high because of the variety of aircraft within the fleet.

Thai International will drop its McDonnell Douglas aircraft and its older Boeing and Airbus Industrie models for newer Boeings and Airbuses; there are already orders pending for eight Boeing 777s and three Airbus A330s.

The move, which will cut both engine types and cockpit set-ups from 12 to five, is similar in scope to Singapore International Airlines' decision in the late 1980s to replace all its ageing Boeing fleet with new Boeing 747-400s.

However, the market for second-hand aircraft is poor and the company's debt-to-equity ratio is already relatively high.

Thai's purchasing policies were badly skewed in the 1980s when politicians and generals sought "commissions" on aircraft sold to the company.

Thai has said that first and business class fares will be cut by 25 per cent from next month in an effort to boost the airline's sales in these classes. First class cabins are generally only half full.

> The move will cut engine types and cockpit set-ups from 12 to five

Thai makes only 15 per cent of its passenger revenues from its superior classes, compared with Singapore, which makes up to 30 per cent of passenger revenues from first and business classes. However, Thai's load factor – the ability to fill seats and cargo bays – rose in the last quarter of 1994 from 69.9 per cent to 70.3 per cent.

Thai reported Bt3.1bn of net profits in the year to the end of September 1994; profits fell 14 per cent in the first quarter this year to Bt931m compared with the previous quarter. Thai's share price has climbed nearly Bt10 since the last quarter of 1994 to Bt57.5 on hopes that operational improvements will improve earnings.

Intel to invest $350m in Philippines

By Edward Luce in Manila

Intel Corporation, the US semiconductor manufacturer, plans to invest 9bn pesos ($350m) in the Philippines where it will set up assembly lines to test Pentium computer chips and make flash memory products.

Speaking at the opening of Intel's headquarters in Manila, President Fidel Ramos said the company's decision to expand its operations in the Philippines over the next year would make it one of the country's largest foreign investors.

"Intel's presence here is a tremendous boost to our country's efforts to become a world class exporter of products and services," he said.

Intel joins a growing list of foreign semiconductor manufacturers which have invested in the Philippines, including Texas Instruments which produces computer chips for export in Baguio and National Semiconductor which assembles silicon chips in Cebu.

Most computer chip production in the Philippines involves assembly and low value-added work.

However the country has mounted a concerted effort to persuade foreign computer companies and semiconductor makers to locate in the Philippines in the hope that they would eventually transfer higher-quality production sites to the Philippines.

The Ramos administration has constantly maintained that neighbouring "tiger economies" such as Thailand and Malaysia achieved success through the mass export of textiles and electronic goods assembled by foreign companies and textiles.

> Intel's decision would make it one of the country's largest foreign investors

Electronics and electronic-related goods are the Philippines' second largest export after textiles.

The government has been unable to persuade foreign computer mainframe makers to site assembly lines in the Philippines partly because of the relatively weak domestic market for computers.

Intel joins Shell, the Anglo-Dutch oil company, Federal Express, the US parcel-delivery group, and Del Monte, the US food multinational, as one of the largest foreign investors in the Philippines.

NEWS: ASIA-PACIFIC

Bank of Japan resists $ storm

But deflation may be the big threat, writes William Dawkins

The Bank of Japan, whose building in central Tokyo was one of the few to withstand the US fire bombings 50 years ago, yesterday gave no sign of succumbing to the dollar currency storm. The yen touched Y88.65 to the dollar yesterday, a new high and 19.7 per cent above its level a year ago, before easing slightly later the day.

The spectacle left many Japanese businessmen, politicians and government ministries asking once again why the central bank does not cut the official discount rate from the 1.75 per cent at which it has been held since September 1993.

Japan's industrial companies, doubly hit by cheap competition in export and import markets, are begging for currency relief. The BoJ's purchase of billions of dollars for yen in recent weeks has failed to revive the dollar. Even before the currency turmoil, companies complained that real interest rates were too high, since prices were falling.

Observers believe that the central bank, on past record, will resist a cut in interest rates until it sees real evidence that the Japanese economy is hurting. Its previous cut took place just after the collapse of signs of recovery from the worst recession since the second world war. If the BoJ does stick to past practice, Japanese industry is likely to continue to labour under a monetary squeeze that will dampen its investment plans and constrain the recovery for months.

Mr Yasuo Matsushita, BoJ governor, warned several times recently that his monetary policy would not be determined by currency markets alone. He holds to the government line that the economy is recovering, though he does warn that he sees no sign of a pick-up in the pace of growth.

That hint of pessimism could be a sign the bank is ready to let overnight interbank rates slip back from about 2.18 per cent towards last autumn's level of 2 per cent, Mr Hirohiko Okumura, chief economist at Nomura Research Institute, believes. But nobody believes Mr Matsushita is thinking of an imminent rate cut.

In preparing its monetary policy, the BoJ consults its own managers, rather than the markets. The central bank's next chance to gather evidence to support or challenge Mr Matsushita's present view of the economy will be its branch managers' meeting in April, followed in June by the publication of the bank's quarterly survey of business conditions. "By then, it may be too late," warns Mr Okumura.

Another element counts, perhaps more than the BoJ's managers: the view of Mr Matsushita's former colleagues at the Finance Ministry. While the BoJ is not the ministry's servant, the ministry does have effective control over the bank.

So far, the MoF has supported Mr Matsushita's reluctance to cut official rates. Yet government officials privately admit the yen's renewed rise has provoked an intense debate on interest rate policy, within and between the Finance Ministry and the BoJ, between those who suspect a strong yen might kill the recovery and those who believe Japan can endure.

The BoJ's resistance to a rate cut is rooted in two fears: that a cut might make no difference and that it might rekindle inflation. The first derives from the assumption that the state of Japan has little to do with the dollar's fall. Japan has some qualities of a weak currency country, with its fragile economic recovery, weak government and rising budget deficit, a Finance Ministry official argues.

The yen's strength shows the currency is responding to something else: sales of dollar assets by cautious financial institutions, many of them Japanese, the ministry contends. Japanese financial authorities' anxiety over inflation runs deep, inherited from the liquidity-fuelled rise in asset prices that created some of the financial problems leading to the recent recession.

The BoJ remains acutely sensitive to risking another financial bubble. Some tougher Finance Ministry officials, too, believe it is no bad thing for industry to remain under pressure to cut the fat they accumulated in the late 1980s. Yet, most private-sector economists, many industrialists and a growing number of government officials believe deflation, rather than inflation, is now one of the big threats ahead.

The Ministry of International Trade and Industry has been urging the more powerful Finance Ministry to go for a loose monetary policy since mid-recession, in early 1993. Mr Ryutaro Hashimoto, Miti minister, said recently "desperate measures are needed" to bring down the yen.

The outcome will depend in part on a power struggle. Miti and business are defending industry's interests in arguing for a rate cut. The Finance Ministry and the BoJ are resisting one in what they see as the wider interests of the economy. As Tokyo's bureaucrats debate their interest rate policy, the currency markets rage on.

Japan's economy continued its weak recovery in January, despite disruption caused by the Kobe earthquake, the government said yesterday, writes William Dawkins in Tokyo. The Economic Planning Agency's index of leading economic indicators, a measure of the outlook six months ahead, improved slightly from 69.2 in December to 70 in January. These results were greeted by the EPA as confirming that the economy is on a recovery trend, after the dip in gross domestic product shown in the fourth quarter of last year. January was the 13th month running for which the leading index stayed above the dividing line of 50, marking equilibrium between growth and decline. It is composed of a basket of 13 economic and business indicators, two of which registered declines linked to the quake, stocks of raw materials and house building. The coincident index, a measure of current business conditions, also scored 70.

Poison gas destroys nervous system □ Simple but deadly to make

How sarin killed in Tokyo

By Clive Cookson, Science Editor

Sarin, the poison gas released in the Tokyo underground yesterday, is one of a group of nerve agents first synthesised by German scientists in the late 1930s as part of Hitler's preparations for the second world war. It became an important part of the Nato chemical weapons stockpile in the 1950s and 1960s.

Although the Germans never released sarin in battle, it was used to lethal effect by Iraq during the 1980s both in the war against Iran and against the Kurds. After the Gulf war, UN inspectors found large quantities of sarin in production at Iraq's Muthanna chemical weapons plant.

Sarin – chemical name isopropylmethylphosphorofluoridate – is an organophosphate compound, related chemically to some agricultural pesticides. It is not quite the most toxic nerve agent known – VX holds that title – but it is far more toxic than the poison gases of the first world war, such as mustard gas and chlorine.

The lethal dose of inhaled sarin is less than a tenth of a gram per cubic metre of air, so a full canister in an underground carriage would be deadly. It is a volatile liquid, slightly heavier than water, which can be stored indefinitely in airtight steel canisters but will react with air or moisture. Fortunately for Tokyo, sarin is one of the least persistent nerve agents. Unlike VX and cyanide gas, it disperses rapidly without causing long-term contamination.

Sarin destroys the nervous system by interfering with a vital enzyme called cholinesterase. The nerves overstimulate themselves, causing many of the body's systems to break down. When inhaled, sarin can block the respiratory system and choke someone to death within minutes.

Neurologists say the long-term effects on survivors of a sarin attack are not known. But those who receive close to the lethal dose may suffer permanent damage to the nerves, brain and liver.

Despite its long chemical name, sarin has a relatively simple structure. A trained chemist with access to standard chemical suppliers and a well equipped laboratory would find sarin quite easy to manufacture.

However, sarin is so toxic that anyone making or using it outside a specialist chemical weapons unit would stand a high risk of dying. As an anti-terrorist expert in Germany's Federal Criminal Office said yesterday: "This is something for crazies. Only terrorists with a kamikaze mentality would use it." History shows, however, some terrorists are willing to commit suicide.

Japan's mysterious gas attacks

□ **July 2 1993: More than 100 residents in Tokyo's Koto district complain of noxious white fumes rising from buildings owned by Aum Shinri Kyo, a religious cult linked in the press to several unresolved kidnappings. City officials are not allowed to enter cult buildings to investigate.**

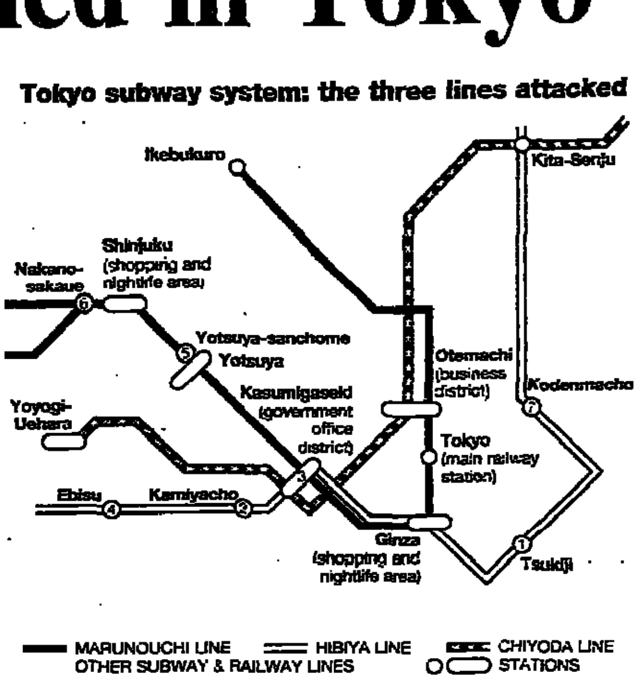
□ **June 21 1994: Seven die and more than 200 are made ill by sarin fumes that spread through a quiet residential area in Matsumoto in central Japan. Police are unable to find the source.**

□ **July 1994: Residents of Kamikuishiki complain of eye and nose irritation and nausea caused by fumes that local officials cannot identify.**

□ **September 1 1994: More than 231 people in seven towns in Nara prefecture, western Japan suffer rashes and eye irritation from unknown fumes.**

□ **December 1994: Material believed to be a sarin by-product is discovered in Kamikuishiki, southern Honshu, the main island of Japan. Town officials say police are still investigating.** *Reuter*

Tokyo subway system: the three lines attacked



MARUNOUCHI LINE — HIBIYA LINE — CHIYODA LINE — OTHER SUBWAY & RAILWAY LINES — STATIONS

① Tsukiji Fumes first reported here, at about 08.15; police confirm gas as sarin after analysis of materials taken from train.

② Kamiyacho 30 people collapse on platform.

③ Kasumigaseki 50-year-old deputy stationmaster dies soon after picking up container in train car; firemen confiscate two suspicious lunch boxes.

④ Ebisu Man gets off train after leaving what appeared to be lunch box wrapped in newspaper.

⑤ Yotsuya-sanchome Trains stopped after package wrapped in newspaper found.

⑥ Nakano-sakaue Firemen report finding traces of methyl cyanide.

⑦ Kodenmacho Police find substance similar to mustard gas.

Two MPs expelled as Suharto signals clampdown on dissent

Manuela Saragosa on the end of a spell of real debate in Indonesia

An outspoken member of Indonesia's parliament has been expelled and a second is soon to follow in the latest clampdown on dissent.

At the weekend President Suharto endorsed the decision by Golkar, the ruling party, to dismiss Bambang Warsih Kusomo from parliament, accusing him of offending cabinet members and deviating from the official party line.

The United Development party, a government-endorsed opposition party, has all but completed steps to expel Sri Bintang Pamungkas from his seat in parliament for questioning Indonesia's state ideology, *Pancasila* – humanism, nationalism and belief in God.

Last week, Ahmad Taufik, leader of the Alliance for Independent Journalists, was detained by police in a dawn raid on his home and four other AJI members were arrested, ostensibly for publishing a journal without a licence.

The arrests came after the AJI held a meeting in a Jakarta hotel to discuss freedom of speech in Indonesia. AJI warned that many of its members working at licensed newspapers had been told to leave the organisation or lose their jobs.

Debate has never been the main feature of Indonesian political life. Some joke that the country's MPs engage solely in the "four Ds" – *datang, duduk, dengar, duit* – loosely translated as arrive, sit, listen and collect money.

Nevertheless, over the past year there have been occasional signs that parliament was taking steps to become a forum for genuine debate. Clashes between the country's technocrats, who want to keep a lid on state spending, and technologists, who want state funds to build up high-tech industries, were a regular feature.

Journalists and non-governmental organisations, meanwhile, have defied the government's ban on three publications last year and published their own newsletters and journals without a state-sanctioned publishing licence.

The clampdown comes at a time when many Indonesians are questioning the legitimacy of President Suharto's rule over the country amid speculation that he will run for another five-year term at the next elections in 1998.

In early March Indonesian police raided the headquarters of the Pijar Foundation, an outspoken political pressure group, and arrested two of its members for reportedly insulting the government in public.

The two expelled MPs have reputations as parliament's *enfants terribles*. Bambang's expulsion probably has more to do with his probing questions into the affairs of Kanindo, the textile group, last year when he publicly accused the owner, Robby Tjahjadi, who is thought to have close business connections with the presidential family, of defaulting on the group's debts to state banks.

The Speaker of parliament, Wahono, a Golkar party member and traditionally a presidential loyalist, is believed to have opposed the expulsions. Several politicians have expressed their outrage and newspaper editorials have labelled the affair a test case for the country's struggle to become more democratic.

Meanwhile, President Suharto, a former general, has commissioned a Jakarta think-tank to reassess the military's role in politics and has indicated he backs calls to reduce the number of seats the military is guaranteed in parliament – 100 out of 500 at the moment.

On the surface, the president's move might appear to be an effort to meet growing demands for more democratic and accountable government. But political analysts say the president, who has distanced himself from the military over the past few years, is simply preparing for the next elections in 1998. At the same time, they say, with the crackdown on dissent he is reminding everyone who is boss.

ASIA-PACIFIC NEWS DIGEST

Taiwan central banker named

Mr Sheu Yuan-dong, a senior Taiwanese banker and former bureaucrat, was last night appointed governor of Taiwan's central bank and custodian of US$95bn (£58bn) in foreign exchange reserves. His predecessor, Mr Liang Kuo-shu, resigned yesterday because of illness after fewer than 10 months in the post. Mr Sheu is expected to maintain the conservative monetary policies of his predecessor but may tighten credit slightly to counter inflation. Chairman of state-owned Bank of Taiwan, the island's biggest bank, since 1990, he graduated with a degree in politics from National Taiwan University and followed the classical government banker's route to the top. Over the past 20 years he has served in senior positions in several state banks, with a stint as head of the Finance Ministry's monetary affairs bureau in 1982-84. He chairs the local bankers' association, and is said to be close to President Lee Teng-hui.

Bankers described Mr Sheu, 68 this year, as "personable" and "approachable". He emerged unscathed from a scandal over land purchases in which a former Bank of Taiwan president and a parliamentary legislator were implicated. Mr Sheu is said to have been disappointed at losing out to Mr Liang, also a seasoned government banker but with a more academic background, in the race for the job last year.

Mr Liang is officially said to have contracted pneumonia while travelling in the US, where he is now receiving treatment, but news media speculated variously that he had cancer or had been forced to step down. Some observers suggested that Mr Liang viewed the central bank as an independent institution and resisted pressures to adjust monetary policy to accommodate political imperatives. *Laura Tyson, Taipei*

12 Chinese fired over loans

China has purged 12 bank officials for granting unauthorised loans, as part of a continuing crackdown on widespread abuses of central bank credit ceilings. The official Xinhua news agency reported yesterday that the officials from provincial financial institutions were "either removed from their posts or given administrative punishment, or both".

The People's Bank of China, the central bank, tightened the screws on rampant unauthorised lending in 1993 in an effort to bring order to a chaotic financial sector. But provincial bank officials had continued to defy its regulations, the Xinhua report said. Offenders were from the provinces of Henan, Guangdong and Guangxi.

In a related move, the authorities also revoked the business licence of the Shenyang office of Hainan Huitong International Trust and Investment Corporation. No details were given. China has been struggling to restrain monetary growth. These efforts have been complicated by the lax implementation of credit ceilings by provincial branches of the larger banks. *Tony Walker, Beijing*

Philippine protest over hanging

The mayor of the Philippines' fourth largest city yesterday led officials in burning a Singaporean flag in protest at the hanging of a convicted Filipina maid. About 1,000 Davao city hall employees and sympathisers of Flor Contemplacion, who was hanged in Singapore last Friday for the murder of a colleague and her four-year-old ward, cheered mayor Rodrigo Duterte as the flag burned.

Council members introduced a resolution urging a ban on Singaporean goods in Davao, 960km south of the capital Manila. "They killed an innocent person," said Councillor Nenita Orcullo. "We should kill their business here." President Fidel Ramos has been trying to promote Davao as a regional trading centre for a "growth quadrangle" encompassing the southern Philippines, Brunei and nearby areas of Indonesia and Malaysia. A visit to Manila next month by Mr Goh Chok Tong, Singaporean prime minister, was postponed at the weekend. *Kyodo and AFP, Davao*

■ Malaysian navy patrol boats opened fire on an armed Chinese trawler that entered Malaysian waters after the vessel refused to heed warnings to stop. Police said yesterday that four of the 16 crew were slightly injured in the two-hour chase off Malaysia's southern Sarawak state last Thursday. *AFP, Kuala Lumpur*

■ Singapore's January retail sales rose 13.4 per cent from a month earlier after rising 15 per cent in December, the Department of Statistics said. Compared with a year ago, the index was up 2.1 per cent in January. *Reuter, Singapore*

■ Taiwan's industrial output in February rose 11.23 per cent from a year earlier, the economics ministry said. *Reuter, Taipei*

INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

Yearly data for retail sales volume and industrial production plus all data for the vacancy rate indicator are in index form with 1985=100. Quarterly and monthly data for retail sales and industrial production show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The unemployment rate is shown as a percentage of the total labour force. Figures for the composite leading indicator are end-period values.

■ UNITED STATES

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	7.1	100.0	91.2
1986	105.5	100.9	6.9	98.3	95.4
1987	108.4	106.0	6.1	106.3	96.5
1988	112.6	110.7	5.4	107.6	100.0
1989	115.6	112.4	5.2	101.4	98.8
1990	116.4	112.4	5.4	87.0	95.0
1991	114.0	110.5	6.6	64.6	99.8
1992	117.6	114.1	7.3	63.9	104.5
1993	123.8	118.8	6.7	69.0	110.1
1994	131.5	125.1	6.0	79.0	113.6
1st qtr.1994	7.0	4.1	6.5	75.0	110.9
2nd qtr.1994	6.1	5.4	6.1	78.4	111.3
3rd qtr.1994	5.8	5.8	5.9	78.9	112.2
4th qtr.1994	6.0	6.0	5.5	83.4	113.6
March 1994	9.7	4.7	6.5	77.2	110.9
April	6.7	4.8	6.3	77.1	111.3
May	5.6	5.6	6.1	80.0	111.5
June	5.8	5.9	6.0	78.2	111.3
July	5.0	5.6	6.0	80.6	111.6
August	6.0	6.2	6.0	78.5	111.8
September	6.5	5.7	5.8	77.6	112.2
October	6.4	6.1	5.6	84.0	112.1
November	6.4	5.8	5.5	82.0	112.8
December	5.2	6.1	5.4	84.3	113.6
January 1995	6.1	6.4	5.6		113.5
February		6.1			

■ JAPAN

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	2.8	100.0	77.1
1986	106.6	99.7	2.8	94.3	84.2
1987	113.8	103.1	2.8	108.3	91.7
1988	122.6	113.1	2.5	135.9	97.1
1989	132.5	119.7	2.2	147.0	99.1
1990	141.7	124.5	2.1	149.8	96.6
1991	144.6	126.8	2.1	144.2	94.3
1992	139.9	119.0	2.1	124.2	93.6
1993	131.8	113.6	2.5	106.6	99.2
1994		114.5	2.9	102.0	107.3
1st qtr.1994	−2.9	−3.0	2.8	101.7	102.5
2nd qtr.1994	−1.8	−1.1	2.8	102.9	104.0
3rd qtr.1994	−1.2	1.7	3.0	102.6	106.0
4th qtr.1994		5.9	2.9	100.6	107.3
March 1994	−3.1	−2.1	2.8	110.7	102.5
April	−1.8	−2.0	2.8	99.5	103.2
May	−3.4	−1.8	2.8	103.8	103.2
June	−0.1	0.7	2.9	105.1	104.0
July	−0.2	−0.5	3.0	98.6	105.3
August	−2.1	3.6	3.0	106.9	105.8
September	−1.1	2.0	3.0	102.2	106.0
October	−1.4	4.6	3.0	100.2	106.5
November	0.9	6.3	2.9	102.0	108.9
December		6.8	2.8	100.0	107.3
January 1995		4.8	2.9		
February					

■ GERMANY

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	7.1	100.0	89.7
1986	103.3	102.2	6.4	136.4	89.5
1987	107.4	102.6	6.2	149.4	90.3
1988	110.5	106.3	6.2	164.8	95.6
1989	114.2	111.4	5.6	218.7	97.9
1990	123.5	117.2	4.8	261.1	98.3
1991	130.5	120.8	4.2	270.7	95.7
1992	127.7	119.1	4.6	260.2	90.0
1993	122.3	110.8	6.1	198.5	95.9
1994	120.5	114.3	6.8	196.8	104.2
1st qtr.1994	0.4	−0.0	6.8	194.3	98.6
2nd qtr.1994	−1.9	3.1	6.9	189.2	101.5
3rd qtr.1994	−2.5	3.7	6.9	193.4	103.2
4th qtr.1994	−2.0	6.0	6.8	208.4	104.2
March 1994	0.5	0.7	6.9	195.9	98.6
April	−7.8	2.8	6.9	192.6	100.0
May	2.6	2.3	6.9	188.4	100.7
June	−0.2	4.1	6.9	186.7	101.5
July	−3.0	6.4	6.9	190.1	102.1
August	−2.8	1.8	6.9	192.6	102.9
September	−1.7	3.1	6.9	198.4	103.2
October	−1.9	4.7	6.8	203.4	103.7
November	−3.5	6.2	6.8	208.4	104.1
December	−0.8	7.3	6.8	213.4	104.2
January 1995				210.9	103.7
February					

■ FRANCE

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	10.3	100.0	90.0
1986	102.4	101.2	10.4	107.0	96.3
1987	104.5	103.1	10.5	117.2	96.2
1988	107.9	107.3	10.0	135.3	101.0
1989	109.5	111.3	9.4	160.6	100.6
1990	110.4	112.9	8.9	163.2	96.1
1991	110.3	113.3	9.4	128.2	97.2
1992	110.5	113.2	10.4	109.5	95.8
1993	110.7	110.1	11.7	90.0	98.9
1994	110.8	114.1	12.5	104.1	102.1
1st qtr.1994	1.0	0.3	12.4	93.6	101.1
2nd qtr.1994	−1.5	3.6	12.5	110.6	102.7
3rd qtr.1994	1.3	5.5	12.5	109.0	103.1
4th qtr.1994	−0.5	5.4	12.4	103.5	102.1
March 1994	1.6	0.5	12.5	103.3	101.1
April	−4.4	3.6	12.5	113.6	102.2
May	3.1	3.8	12.5	109.8	102.8
June	−2.8	3.5	12.5	108.3	102.7
July	−2.1	5.5	12.5	105.2	102.5
August	3.8	5.6	12.5	109.6	102.7
September	2.3	5.4	12.5	111.9	103.1
October	−1.8	4.9	12.4	108.3	103.1
November	−0.5	5.0	12.4	102.2	102.6
December	0.9	6.4	12.4	99.7	102.1
January 1995	4.2		12.3		101.7
February					101.0

■ ITALY

	Retail sales volume	Industrial production	Unemployment rate	Composite leading indicator
1985	100.0	100.0	9.6	88.2
1986	106.8	104.1	10.4	94.2
1987	112.1	106.6	10.9	95.8
1988	107.9	114.2	10.9	99.8
1989	116.8	118.7	10.9	97.8
1990	114.4	118.0	10.3	94.5
1991	110.9	116.9	9.8	96.6
1992	116.9	115.4	9.8	93.7
1993	114.2	112.9	10.2	100.4
1994		119.6		102.0
1st qtr.1994	−5.7	−0.9	11.7	101.7
2nd qtr.1994	−5.8	5.2	12.5	102.4
3rd qtr.1994	−4.3	10.2	11.8	102.9
4th qtr.1994		9.2		102.0
March 1994	−2.3	0.8	n.a.	101.7
April	−10.4	6.9	n.a.	102.1
May	−3.0	3.0	n.a.	102.2
June	−3.8	5.7	n.a.	102.4
July	−2.3	7.8	n.a.	102.5
August	−4.9	15.0	n.a.	102.8
September	−5.6	8.2	n.a.	102.9
October	−5.9	8.7	n.a.	102.9
November		6.8	n.a.	102.5
December		14.2	n.a.	102.0
January 1995			n.a.	101.0
February			n.a.	

■ UNITED KINGDOM

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	11.2	100.0	90.0
1986	105.3	102.4	11.2	116.1	93.0
1987	110.7	106.5	10.3	141.2	97.0
1988	117.8	111.6	8.6	143.1	95.6
1989	120.1	114.0	7.2	123.5	93.5
1990	121.1	113.7	6.8	97.2	91.3
1991	119.6	109.2	8.8	68.2	95.3
1992	120.5	109.0	9.9	69.3	99.2
1993	124.7	111.5	10.3	76.3	106.6
1994	129.0	117.4	9.5	94.0	110.5
1st qtr.1994	3.8	4.2	9.9	84.6	108.6
2nd qtr.1994	3.8	5.9	9.6	89.0	108.9
3rd qtr.1994	3.4	6.0	9.5	96.5	110.1
4th qtr.1994	2.9	5.1	8.9	106.2	110.5
March 1994	3.7	4.5	9.8	84.8	108.8
April	4.3	6.1	9.6	87.4	108.5
May	4.1	5.1	9.6	88.2	108.7
June	3.1	6.4	9.6	91.3	108.9
July	3.8	5.5	9.6	93.5	109.5
August	3.1	5.7	9.5	97.1	109.8
September	3.5	6.7	9.3	98.9	110.1
October	2.9	6.1	9.1	105.3	110.3
November	2.3	4.0	8.9	106.9	110.5
December	3.6	5.2	8.7	106.3	110.5
January 1995	0.0	3.7	8.6	104.6	110.7
February	2.6				110.9

All series seasonally adjusted. Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA. Retail sales volume: data from national government sources except Japan and Italy (value series deflated by OECD using CPI). Refers to total retail sales except France and Italy (major outlets only) and Japan (department stores only). Industrial production: data from national government sources. Includes mining, manufacturing, gas, electricity and water supply industries except Japan (mining and manufacturing only) and UK (also includes construction industries). Unemployment rate: OECD standardised rate which adjusts as far as possible for the different definitions of unemployment used in official sources. Vacancy rate indicator: relevant vacancy measure divided by total civilian employment, expressed in index form. Derived from OECD series. US – help-wanted advertising, Japan – new vacancies, Germany and France – all jobs vacant, Italy – no data available, UK – unfilled vacancies. Composite leading indicator: OECD data. Each is a combination of series, cyclical fluctuations in which usually precede cyclical fluctuations in general economic activity.

Populist conservative enters race for Republican party's nomination

Buchanan to seek presidency again

By Jurek Martin, US Editor, in Washington

Mr Pat Buchanan yesterday went back to New Hampshire, scene of his best primary performance in 1992, to announce that he would again be seeking the Republican party's presidential nomination next year.

Unlike 1992, when he had the right wing to himself against President George Bush, the 56-year-old pundit-politician is entering a field crowded with conservatives, even if not all of them share his unblinking ideological convictions.

In interviews prior to his announcement, he has continued to use the language that marked his first campaign, still freely talking of a "cultural war" in the US against the forces of liberalism.

He also proclaims the virtues of the America First movement, which is predicated on a strong national defence and withdrawal from many of the country's international commitments, particularly trade and the United Nations.

Buchanan: A culture warrior ready to ride again Picture: Reuter

"We're beginning a great cause that I think is going to culminate in a victory at the Republican convention in San Diego," he said on Sunday night.

"It's going to take us and our cause all the way to the White House."

Although Mr Buchanan took 37 per cent of the New Hampshire primary vote in 1992, he never did as well in any subsequent primary. But he was a thorn in Mr Bush's flesh throughout and was the first to tap the populist vein of discontent on the right that eventually enabled Mr Ross Perot, the independent candidate, to win 19 per cent in the presidential election.

He has not changed his spots since, either in his broadcasts or in his other pronouncements. This year, he has demanded that abortion be made illegal, telling a conference of conservatives: "Anyone who tries to rip that [anti-abortion] plank out of the party platform will have to answer to Pat Buchanan."

However, the mid-term congressional elections last year clearly showed the Republican party's rightward lurch.

Already in the party's nomination field are one uncompromising conservative, Senator Phil Gramm of Texas, and another, Mr Lamar Alexander, a former education secretary and ex-governor of Tennessee, who wants power shifted from Washington to the states on a grand scale.

Senator Robert Dole, the front-runner at this stage, also appears to be moving, with the prevailing wind, rapidly to the right. The Senate majority leader now favours a repeal of last year's ban on the sale of 19 types of assault weapons and has called for a virtual end to affirmative action laws, as well as the abolition of four government departments.

Most polls put Mr Buchanan well behind Mr Dole and Mr Gramm, but his combative ability to influence the nature of the Republican debate should not be underestimated, especially among committed party activists on the right.

US House begins debate on welfare reform today

By George Graham in Washington

The House of Representatives will today begin debating a plan to reform the US's welfare safety net, and by Friday is expected to have approved the most radical overhaul since the 1960s of the system that provides benefits to the country's poorest families.

Although the measure is expected to pass, it has provoked considerable misgivings among some centrist Republicans and fierce hostility among most Democrats.

Taking advantage of a four-day recess, Democrats have spent the weekend sharpening their attacks on a bill which they have depicted as a Scrooge-like attempt to cut spending on school lunches in order to pay for a capital gains tax cut that benefits the wealthy.

The Republican welfare reform plan would:

- Replace Aid to Families with Dependent Children and the other principal safety net programmes with a single block grant to states, which would have greater freedom to design their own welfare programmes.
- Require adults who receive benefits for more than two years to work.
- End cash welfare payments for children born to unmarried mothers under the age of 18, or to mothers already on welfare.
- Limit welfare payments to a total of five years.
- Deny all welfare benefits to illegal immigrants, and deny cash benefits and food stamps to legal aliens.

"Ending welfare as we know it," was a central plank in President Bill Clinton's 1992 election manifesto but the administration delayed its reform plan until late last year.

That plan will be introduced this week as an amendment by the Republicans, in a ploy designed to show how little support it has even among Mr Clinton's fellow Democrats. Unlike the Republican plan, which is expected to cut government spending by about $60bn over five years, the Clinton plan would raise spending because of training and job schemes designed to help welfare recipients into the workforce.

The Democrats have been unable to unite behind a single alternative plan. They will offer a plan backed by Congresswoman Patsy Mink of Hawaii which is close to the current system, and a more conservative version drafted by Congressman Nathan Deal of Georgia, requiring welfare recipients to work for their benefits after two years.

California leads in opening electricity market

But state has much to decide while setting pace in heavily regulated US sector, writes David Lascelles

California is leading the pace of reform in the heavily regulated electricity market of the US. But it is turning out to be a tortuous process whose outcome is far from certain.

The public utilities commission, which is leading the initiative, is due to take another step tomorrow when it will announce details of the kind of open market it envisages. The choice lies between a UK-style "pool" where electricity is traded wholesale, and a free-for-all in which consumers can negotiate their own deals with any supplier they like.

The competing lobbies have been campaigning for months, but state legislators in the capital, Sacramento, are also taking a close interest because of the sensitivity of electricity prices.

The impetus for change comes from widespread dissatisfaction with California's high electricity prices, which are up to twice those of other states. Although most electricity companies are privately owned, a history of indulgent regulation has left them with lax cost controls and expensive generation plant.

Mr Daniel Fessler, the commission's president, put forward a detailed plan to reform the market nearly a year ago. This envisaged a six-stage process in which the market would be progressively opened up to full competition, ending with the domestic market in the year 2002.

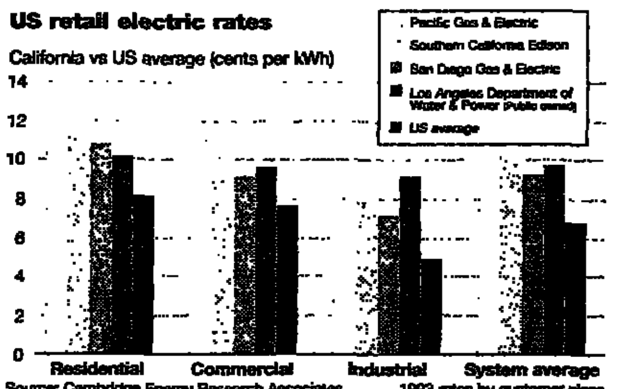
In the free market, consumers could "wheel", or buy from the supplier of their choice. But the regulated market would not be abolished altogether; it would exist in parallel as an option for consumers who wished to stay as they were.

The plan contained numerous safeguards. The most important was to protect "stranded assets" – power stations, particularly nuclear, that were authorised under the old regime but would be too expensive to compete in the new. They would receive subsidies to help them cover their costs.

California's large social and environmental programmes, which are funded by electricity levies, would also continue.

US retail electric rates

California vs US average (cents per kWh)



Source: Cambridge Energy Research Associates — 1993 rates by customer class

The proposals were widely welcomed because they contained the promise of lower electricity prices. Even the large investor-owned utilities gave a positive response, not wishing to appear obstructive or miss the chance to influence the debate. But since then, the state has been sharply divided over how the new market should actually work.

The proposal left open the question of market structure, though it invited comments on whether there should be a centralised pool. This approach has the support of the two largest utilities in the south of the state, San Diego Gas & Electric and Southern California Edison.

Mr Robert Kendall, manager of industry policy co-ordination at SCE, says a pool would be the best way to balance supply and demand in the system. It need not prevent customers from signing up with individual power producers, but there would be little incentive because the pool would provide the most competitive prices.

The utilities should also ensure that they maximise shareholder value through the reforms. "We don't want the utilities to go the way of the airlines," he says, referring to the huge upheavals which hit the air transport industry in the deregulation of the 1980s.

But opposing forces are lobbying equally hard for a market without a central pool – one where consumers and suppliers would have direct access to each other and negotiate deals on whatever terms they chose. Significantly, this lobby includes Pacific Gas & Electric, California's biggest utility, along with an array of consumer interests such as the retailers association and Chevron, the large California-based oil company.

The New York Mercantile Exchange also supports direct access because it would facilitate trading in the new electricity futures contracts which it has developed.

"A pool would preserve a monopoly for a long time, maybe a decade," says Mr Robert Glynn, executive vice-president of PG&E. "Direct access would be a good thing for us. It would make us competitive more quickly."

Other opponents of the pool say that it would perpetuate the very regulated market which the reforms were supposed to get rid of. They also dismiss concerns that direct access would prevent all consumers getting a fair price. The market would operate rather like the oil market, where prices are widely known even though all trades are done on a bilateral basis.

In environment-conscious California, direct access would even enable householders who wanted "green energy" to sign up directly with their neighbourhood wind farm, and pay extra for the privilege.

Mr Fessler, a lawyer who believes in the need for well-regulated markets, is thought to favour the pool approach. The direct access lobbyists will be disappointed though not surprised if he opts for that route.

Mexico to reveal central bank data

By Lisa Bransten and Richard Waters in New York

The Mexican government yesterday unveiled a package of additional measures intended to restore confidence in the country's battered financial markets. The measures included a promise to publish regular weekly information, along the lines of that made available by most developed economies.

Following a lacklustre international reaction last week to the country's latest economic plan, the measures reflect a concern on the part of the Mexican authorities that any further weakening of the peso could undermine efforts to restore stability to the currency.

Mr Agustín Carstens, chief adviser to the governor of the central bank, said the most important way to stabilise the currency and the debt markets was to convince investors that the government was committed to tight monetary and fiscal policy.

"I think the lack of transparency in our accounts was hurting us," he said. "We had to give the markets the elements to see what we were doing."

The measures announced yesterday included a promise to publish a detailed weekly balance sheet for the central bank, beginning on Thursday.

Mr Carstens also said that, to reduce "contamination" of the central bank's figures, the international aid agreed recently would be kept in a separate trust fund, rather than on the central bank's own balance sheet.

This would reduce the appearance that the bank was creating additional credit as it used some of the $50bn of aid to repay debt, he said.

The measure was adopted in direct response to critics who have claimed recently that the central bank was failing to adopt as tight a monetary policy as it had promised, in order to tackle the rising inflation which has followed the devaluation of the peso.

In another move to stabilise the currency, Mexico said late on Friday that it would repay *tesobonos*, peso securities linked to the dollar, directly in dollars.

This is to prevent foreign investors from going directly to the foreign exchange markets to exchange their pesos for dollars, so taking the pressure off the currency, said Mr Carstens.

The peso continued its slide last week, ending at nearly seven to the dollar, even after the Mexican government had announced an austere economic plan that met with moderate optimism from the US financial community.

DC in the red: a matter of black and white

The tussle over Washington's fiscal woes is a symbol of US racial polarisation, writes Nancy Dunne

Washington DC seemed headed towards a peaceful resolution of its fiscal woes earlier this month until Mayor Marion Barry threw down his gauntlet and refused to settle on terms acceptable to Congress.

Submitting what he called his "miracle budget", he said he could cut jobs and programmes no further; Congress would simply have to give Washington the $250m the city needed to make ends meet this year.

The mayor warned his disgusted congressional overseers, who are preparing to install a financial management board over the heads of Washington officials, that cuts could not be made effective "without my participation and the citizens of Washington and the workers".

Republican congressmen reacted angrily: "Instead of an act of contrition, we are seeing an act of contempt," said Congressman Gil Gutknecht of Minnesota.

The looming bankruptcy of the nation's capital is not merely the usual manifestation of inner city woes. Like the riveting murder trial of football star O.J. Simpson it is a symbol of racial polarisation in the US today.

To Mr Thomas Davis, the white chairman of the House subcommittee which oversees Washington, the city's spending and management problems are so severe that the government cannot deliver the basic services needed by its citizens.

"Serious and real personnel reductions of a magnitude not yet contemplated simply must enter the equation," he said.


Mayor Marion Barry: The top man in the US capital again Picture: AP

To Mrs Eleanor Holmes Norton, Washington's black non-voting delegate, "it is easy enough to underestimate the personal and political difficulty of the task from on high in the Congress.... The mayor and the city council live within shouting distance of the people whose jobs they are taking, whose medical services they are withdrawing and whose programmes they are eliminating."

In the city, which is two-thirds black, officials complain that their efforts to balance the budget are crippled by congressional restrictions. They are not allowed to tax either large tracts of federal lands and buildings or commuters who earn their living in Washington and pay taxes in Maryland or Virginia. At the same time the city is forced to finance obligations – such as prisons and health care for the poor – usually reserved for state governments.

Outsiders tend to see Washington as managed by a surly, inept bureaucracy. Typical is a recent assertion in the Economist that Washington's "services stink" and "rubbish is rarely picked up". (There are residents who have found Washington's refuse collection an improvement on that of parts of London.)

Whites tend to give little weight to the belief in the black community that its leaders have been targeted for persecution by law enforcement agencies. Many were shocked by the re-election last year of Mayor Barry for a fourth term after he was forced to take time off in 1991 to serve a stint in prison on drugs charges.

Mr Barry is now back, drug-free and redeemed, he says, and more unpredictable than ever. One moment he is cuddling up to the new Republican House speaker, Mr Newt Gingrich, (who would like to lure more black voters to the Republican party); the next, he is thumbing his nose at Congress by refusing to comply with a law capping the city's budget at $3.25bn.

He takes a constant hammering on the editorial page of the Washington Post. Yet one of the paper's black columnists, Courtland Milloy, saw the refusal to cut arts programmes, day care, jobs training and drug treatment programmes as reasonable.

Programmes like these will keep the city "from coming apart at the seams", he said. "This is vintage Barry, demonstrating incomparable political and economic savvy and, since his return to office, deeply spiritual insights as well."

The city was already broke when Mr Barry resumed office. Congress's General Accounting Office last month said it deferred payment of more than $500m in bills at the end of the last fiscal year and would run out of cash by the summer.

A federal city with no voting representation in Congress, Washington has often had difficulty governing itself. Various forms of government have been tried. In 1874, when it had a governor and a territorial legislature, Congress was forced to appoint a temporary commission of three members to oversee its budget.

The current form of government, established under the Home Rule Act of 1973, allows residents to elect a mayor and city council. But Congress still has the right to legislate for the district.

To compensate Washington for its lost tax revenue on federal holdings, Congress appropriates about $650m a year for the DC budget. This was sufficient in the real estate boom years of the 1970s and 1980s. But towards the end of the 1970s lawyers and lobbyists discovered cheaper rents across the Potomac in Virginia.

An estimated 100,000 middle class whites and blacks left the city in search of safer streets and better schools, bringing the population down to about 540,000 in the last decade.

What remains is a city bruised by racial divisions. A recent Washington Post survey found seven out of 10 blacks interviewed approved of the mayor's performance in office thus far, compared with one-third of the whites. Both agreed on one point: that the city is "heading in the wrong direction".

The price of inaction will be the loss of some of the city's "home rule" prerogatives when Congress's financial management board imposes fiscal austerity and wrests control of the school system.

A long running campaign by many black leaders to get Washington declared a state – with two senators and one congressman – never had much chance. Now it is dead, probably for the lifetime of any of the current players in this congress or this city.

Menem at work after son's death

Argentine President Carlos Menem resumed his official duties yesterday, five days after the death of his only son, Carlitos, in a helicopter crash, reports David Pilling in Buenos Aires.

Mr Menem, whose appointments included a meeting with Irish President Mary Robinson, is keen to demonstrate his capacity to govern in spite of personal tragedy.

He is to contest presidential elections in less than eight weeks, amid evidence that support for Mr José Octavio Bordón, candidate of the centre-left alliance Frepaso, is growing significantly.

Polls show Mr Bordón on 26-28 per cent, against Mr Menem with 40-42 per cent. Mr Horacio Massaccesi, Radical party candidate, has seen his support drop below 20 per cent, partly through political difficulties in Rio Negro province, where he is governor. Mr Menem needs a margin of 10 percentage points over his nearest rival to ensure first-round electoral victory.

Tower falls at Olympic stadium

A lighting tower collapsed yesterday at the 85,000-seat stadium being built for the 1996 Olympic Games, killing at least one construction worker and injuring three others, authorities said. Reuter reports from Atlanta.

A tower of 24 lights on the north-east side of the stadium fell just before midday. Olympic officials and Mayor Bill Campbell rushed to the site, about a mile south-east of the downtown area.

Atlanta fire and police officials confirmed that one worker had died because of the accident. They did not have immediate details on the other workers' injuries.

The stadium will be the centrepiece of the 1996 Olympic Games. After the games, the stadium will be converted to a baseball park and given to the city for use by the Atlanta Braves baseball team.

Workers had installed the last big piece of steel at the $169m stadium last week. Construction was not due to be completed until this autumn.

Adams denies pressure by US over arms

By John Kampfner and John Murray Brown

Mr Gerry Adams, president of Sinn Féin, the political wing of the IRA, claimed yesterday that US officials had not put pressure on him to make a move on decommissioning arms.

Arriving back at Dublin airport after his successful public relations visit to the US, Mr Adams predicted that talks with UK ministers would take place soon, but dismissed suggestions that the IRA was on the point of making a first gesture.

His remarks disappointed diplomats. "It's not encouraging," one said. "But let's see what flows. If it works – as arguably it did when Adams was given his first visa a year ago – everyone will come up smelling of roses. There's always a time lag. It took him seven months to deliver on the ceasefire."

Mr Adams's interpretation contradicted an assurance given by President Clinton to Mr John Major during their long-awaited telephone conversation on Sunday.

British officials said they accepted the US version of events. Mr Clinton told Mr Major his administration had made clear to Mr Adams it wanted to see progress on the handover of IRA arms.

Mr Adams, asked about his meetings with Mr Clinton and Mr Anthony Lake, National Security Adviser, said: "The issue wasn't raised."

"I am not aware of any move by the IRA on arms. We want a total decommission of arms overall, as well as developments on other fronts, including the release of prisoners," Mr Adams added.

Speaking during a vist to Belfast, Sir Patrick Mayhew, Northern Ireland secretary, said Sinn Fein had "come under a lot of pressure, rather late in the day in the US but welcome none the less." But he struck a cautious line on the prospect of talks. "It's very sensible to start with an agenda, to put out an agenda, provided that the initial questions, the initial assurances are given," he said.

● Sinn Fein has not yet recruited a firm of auditors to monitor its controversial fundraising activities in the US in spite of earlier claims by the organisation that it had engaged the services of Price Waterhouse, Jimmy Burns adds.

In New York, Price Waterhouse confirmed that Mr Roger Brutomesso, a partner in the firm, had met Sinn Fein's US lawyers on November 23 last year. Mr Brutomesso – an expert on tax exemption – had offered the lawyers free advice on accounting procedures, but no formal arrangement was entered into.

Price Waterhouse, angered by the way it has been publicly embroiled in the controversy over the Adams visit, was insistent yesterday that it had no plans to have the Friends of Sinn Fein – the US arm of Sinn Fein – as a client. "This is not the kind of work that we do," it said.

Germany stresses common priorities

By Quentin Peel

Germany yesterday launched a European charm offensive in London, the bastion of Euroscepticism, intended to woo British support for more common foreign and defence policies – but stopping short of calls for radical institutional reform in the European Union.

Mr Wolfgang Schäuble, parliamentary leader of Germany's Christian Democrats, and second only to Chancellor Helmut Kohl in the ruling party, held out an olive branch in talks with prime minister John Major and senior ministers.

He insisted that closer coordination of foreign policy and defence, and enlargement of the EU to include the new democracies of central and eastern Europe, were Germany's top priorities – in line with those of the UK.

Those are the issues Germany expects to see at the top of the agenda for next year's controversial EU intergovernmental conference, on which the Conservative party is already deeply divided.

However, Mr Schäuble pleaded for an end to the absolute veto right of individual member states and urged moves towards more majority voting, proposals to which the British government is firmly opposed.

Mr Schäuble's visit is clearly intended as an effort to bridge the gap between Mr Kohl's staunchly pro-European Christian Democratic Union and the British Conservatives.

Mr Schäuble said:: "We are courting Great Britain. I will ask him [prime minister John Major] if we can help. I am always very impressed by the pragmatic British way of solving problems."

In spite of the conciliatory tone it is clear the CDU vision of European political union remains more radical than anything to which Mr Major and his party could subscribe.

It is clear that Germany is attempting to perform a difficult balancing act between its various constituencies.

In a bid to reassure France, Mr Schäuble ruled out any attempt to impose new conditions on the introduction of economic and monetary union. But be also admitted that on progress towards greater political union Germany might have more friends in Britain than in France.

Tories hope for rebels' backing in vote on CAP

By Robert Peston, Political Editor

Senior government advisers were last night still clinging to the increasingly remote hope that nine Conservative rebel MPs will support the government in tonight's vote on the Common Agricultural Policy and thus pave the way for their return to the parliamentary party.

The government has worded the motion in a way that it hopes caters to the rebels' implacable hostility to the CAP. "We have done as much as we can to make it easy for them to support us", said one adviser.

The motion asks the House to endorse "the government's drive to spearhead urgent and continuing efforts to combat fraud and illegal state aids throughout the EU".

It also request support for "the government's intention to negotiate an outcome on the 1995-96 price proposals which takes account of the interests of the United Kingdom, producers, consumers and taxpayers alike".

But if these sentences are wholly to the rebels' taste, the main thrust of the motion is anathema – they want nothing to do with a motion which implicitly supports the UK's contribution to the EU's agricultural budget.

They were last night planning to table their own amendment, calling for drastic cuts in CAP spending and repatriation to the UK of powers determining how the agricultural budget is spent.

On the main motion, the rebels are however unlikely to vote against the government. "I suspect I will abstain", said one, reflecting the probable intentions of the group as a whole.

Government whips, the parliamentary party organisers, are unlikely to view abstention as a sufficient gesture of goodwill to allow the rebels readmission to the parliamentary party before Easter, as originally hoped.

The government will therefore continue to operate precariously in the Commons, with a technical minority.

The depth of the Conservative split on Europe will again be highlighted tomorrow, when a normally obscure parliamentary sub-committee is expected to be packed out with Conservative Eurosceptics, attacking the EU's plans to put in place common standards for the protection of national borders with countries outside the EU.

Eurosceptics are furious that the government decided to hold this debate in a sub-committee rather than on the floor of the House, which they believe was motivated by the whips hopes of avoiding an embarrassing televised brawl on this sensitive issue.

The plan could backfire. The government has a majority of just one on the sub-committee.

Parties 'bicker' while Brussels decides policy

James Harding on how farmers see today's debate on agriculture

Britain's farmers do not set much store by today's parliamentary grudge debate on European farm policy.

Rather Sir David Naish, president of the National Farmers' Union, has warned politicians of the danger of "political bickering" undermining the UK's position in Europe and jeopardising attempts to reform the European Union's Common Agricultural Policy (CAP).

"Bickering" may be an unkind word for parliamentary discussion, but there is more sound and fury between parties on CAP reform than there is a substantial difference of views. A comparison of Labour and Conservative party policy recommendations suggests a reformed CAP would not look very different regardless of the party in power.

Mr Gavin Strang, shadow agriculture minister, believes "the CAP is in dire need of reform. It is an exorbitant cost. It is an appalling waste. And it is unsustainable in its present form".

One of his government counterparts, Earl Howe, an agriculture minister, told European farmers last month that "the conclusion that radical reform of the CAP will become necessary is inescapable".

Both sides agree that the weight of farm support payments when central and eastern European countries join the EU at the beginning of the next century will make the CAP unsustainable and give urgency to the need for reform.

Both also dismiss the proposal from Mr René Steichen, former EU agriculture commissioner, that CAP could continue in its core form for existing member states and operate on another, cheaper level for new entrants.

When it comes to the detail of European intervention in farming, there is little to distinguish the two parties.

Set-aside, the European supply control method that requires farmers to leave some arable land fallow, "must go", say both Strang and Howe. Supply controls in general should be phased out.

Support payments should be eradicated, both sides suggest. The Labour party is slightly more aggressive calling for "an end to state intervention buying that creates the scandal of food mountains and drink lakes". The Tories, tempered they say by the diplomatic constraints of government, put it more gently: "EU price support must come down towards world levels".

Either way, the gradual implementation of reform is another thing that Labour and Conservative parties alike are at pains to emphasise.

Mr Strang stressed yesterday, "I would not advocate radical reform overnight. You have to allow the farming industry to adjust and you'd need three to five years to phase in the big changes".

Earl Howe believes that "farmers have a right to expect policy changes to be predictable. The key need is to ensure that changes are introduced gradually and well before decisions are forced upon us by external events".

There are differences in degree of reformist ardour. The government shies away from any suggestion of a total eradication of EU price intervention, while the opposition holds it up as its primary goal.

Allocations for the environment out of the CAP are something that both parties subscribe to, but the Labour party says it wants at the heart of the policy not as "a bolt-on".

Nevertheless, the distinctions in degree of zeal do not constitute a difference in direction.

Even if there were a fundamental difference in outlook, the irony of today's debate in Westminster is that the real policy outcome will be decided in Brussels.

Sir Jerry Wiggin, conservative MP for Weston Supermare and chairman of the agriculture select committee, said yesterday that "the Common Agricultural Policy is the only common European policy and Brussels is very firmly in the seat when it comes to CAP reform."

That view is also echoed by farmers who now look to Brussels, not Westminster, to get an idea of the future of their support packages.

BBC heads table of 'voice media' owners

By Raymond Snoddy

The BBC has by far the biggest "share of voice" in the British media, with nearly twice the weight of its nearest rival, according to research to be published today.

The research comes from the British Media Industry Group, made up of national newspaper groups campaigning for more flexible media ownership rules.

The concept of "share of voice" is designed to reflect the impact of various media organisations on the population and is measured by share of newspaper circulation – regional and national – television viewing and radio listening.

In calculating overall share radio is down-weighted by 50 per cent because of the widespread music formats which are not judged to have much impact on diversity of views.

Under such a measurement the BBC, even though it has no newspapers, has a 19.7 per cent share of voice.

This makes the BBC, at least in theory, far more influential than Mr Rupert Murdoch's News International with 10.6 per cent in spite of owning five national newspapers and a diversity of satellite television channels.

The organisation with the third largest share of voice is the Daily Mail and General Trust, publisher of the Daily Mail and a large number of regional newspapers, which is only fractionally ahead of The Mirror Group on 7.6 per cent.

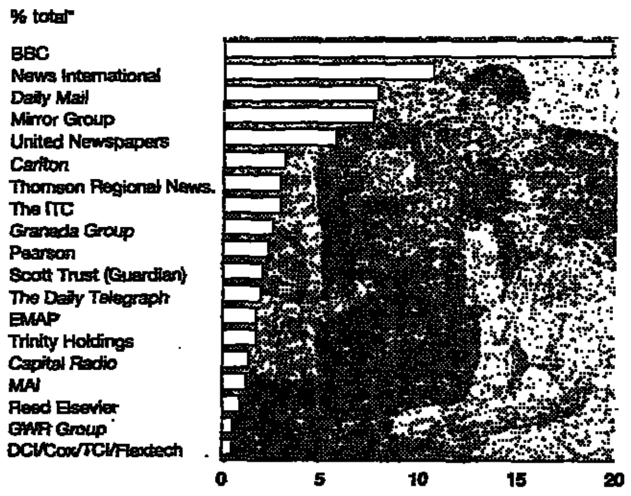
The ITV companies, partly because of the federal and fragmented nature of the ITV system score low. Carlton Communications has 3.1 per cent and the Granada group only 2.5 per cent.

Pearson, the media group that owns the Financial Times, has a 2.3 per cent share and The Daily Telegraph 1.9 per cent.

The report by the British Media Industry group, which includes Associated Newspapers, Pearson, Guardian Media Group and The Telegraph, has been submitted to the National Heritage department which is expected to publish a green paper on cross-media ownership later this year.

The newspaper groups say that rules that prevent them owning more than 20 per cent of commercial broadcasting companies are too rigid as different media converge.

National share of voice



Source: British Media Industry Group *Radio down-weighted by 50%

UK NEWS DIGEST

Liffe considers welfare plan to counter stress

The London International Financial Futures and Options Exchange (Liffe) is considering a welfare programme for its staff and members to combat stress and abuse of drugs and alcohol.

The highly charged environment in which futures dealers work – where a split second can mean the difference between making or losing a fortune – raises the pressure they are under to sometimes unbearable levels. In some cases, such pressure can lead to physical and psychological consequences.

"Stress undoubtedly drives many people to substance abuse," said Dr John Briffa, a doctor who works in the City.

Liffe wants to address symptoms with a welfare programme which stresses counselling.

"In a high-pressure market such as ours, there are too many risks if people aren't compus mentis," said Mr John Foyle, Liffe's managing director of operations, who is developing the scheme. "The counselling arrangements are related to stress management, as well as alcohol and drug abuse, since they are often a function of the stress people are under." He added that alcohol and drugs screening are "not on the agenda".

But drug screening is being actively considered elsewhere in the City. The Association of Lloyd's Members, which represents investors at the London insurance market, last week proposed random drug and alcohol testing at Lloyd's.

However, Bifu, the main banking union, said yesterday it knew of no company where random drug testing was routine. *Conner Middelmann and Lisa Wood*

Eurotunnel rap safety rules

The Channel tunnel has been forced to meet unrealistically high safety criteria while cross-Channel ferry operators are allowed to meet much lower standards, Eurotunnel will tell MPs investigating Channel safety.

Eurotunnel, which operates car and freight shuttle services through the tunnel, believes its costs would have been much lower if it had been allowed to meet established safety standards applying to railways in long tunnels.

But the Anglo-French commission supervising safety standards imposed "arbitrary standards based upon unrealistic concepts of 'absolute safety'," it will say in a submission to the Commons cross-Channel safety committee which meets next week. Experience of trains running through long tunnels in Japan and Switzerland has shown they have a very good safety record, Eurotunnel says. The Channel tunnel has been required to impose safety standards which make it 20 times safer than any comparable stretch of railway line.
Charles Batchelor, Transport Correspondent

Ministers blamed over agency

Ministers in the Department of Social Security were directly to blame for many of the failings of the government's Child Support Agency, according to a cross-party committee of MPs.

A Commons report on the agency, which was set up to ensure absent parents – mainly fathers – pay more toward the upkeep of their children, concludes that ministers were "too easily satisfied" by assurances from officials about the agency's administrative failings. It also says ministers should have reacted "more quickly" to problems in the agency.

A rapid increase in the number of lone parents in the 1970s and 1980s, and its impact on the social security budget, were factors behind the agency's creation. It was expected to save £530m of public money in its first year, but achieved only four-fifths of that. *Andrew Adonis and James Blitz*

Gas supply licenses announced

The government yesterday published details of the gas supply licenses that will be introduced once the domestic gas market is opened to competition beginning next year.

The draft standards include provisions to ensure that special services to the elderly and disabled will continue to be provided in a competitive market. British Gas and its would-be competitors will also have to provide advice on the efficient use of gas. The government's bill to authorise liberalisation of the sector is currently before parliament *Robert Corzine*.

Fewer new jobs permanent: Less than one in ten new jobs in Britain are permanent, nearly half are temporary and the rest are self employed, according to a report on job insecurity published today by the Trades Union Congress. The government's Labour Force Survey shows permanent jobs among both women and part-time workers have fallen.

Training boost for Wales: A plan to improve education and training in Wales was launched yesterday by Mr John Redwood, Welsh secretary, who said action needed to be taken to ensure industry had enough good candidates for recruitment. Last week, Panasonic, the Japanese manufacturer which employs 2,000 in Cardiff, expressed concern at a lack of suitable recruits. Mr Redwood said that because Wales had been so successful in attracting inward investment, demand for quality people would outstrip supply.

NEWS: UK

Lending pick-up fuels recovery speculation

By Robert Chote and Alison Smith

Britain's big banks lent £2.96bn ($4.85bn) to the private sector last month, after adjusting for normal seasonal changes, the British Bankers' Association said yesterday. This was barely changed from the figure in the previous month.

Lending to individuals rose by £839m, up from an increase of £587m in the same month a year earlier. But this overall increase masked divergent trends in its components.

The banks also reported that mortgage lending was becoming increasingly subdued, but that lending for consumer spending was picking up more quickly. Mortgage lending was 6.9 per cent up on a year earlier, a growth rate which has subsided in every month for over a year. But consumer lending rose by 5.5 per cent over the last 12 months, having been falling a year ago.

Mr Adam Cole, UK economist at broker James Capel, said a continued pick-up in company borrowing meanwhile provided further evidence that investment was about to stage a significant recovery. Total bank and building society lending to the private sector rose by a seasonally adjusted £3.7bn in February.

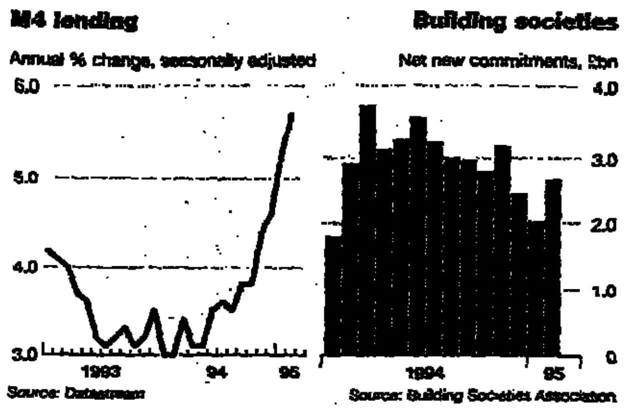
There was an inflow of deposits into the banks of £2.8bn in February, the largest since December 1991.

The broad money supply measure M4 – cash plus bank and building society accounts – rose by a seasonally adjusted 0.6 per cent, giving an annual rate of increase of 4.6 per cent, towards the bottom of the 3 to 9 per cent range.

Meanwhile signs of flatness in the housing market were reinforced by building society figures showing that mortgage lending fell in February compared with last year.

Societies attracted net retail receipts of £519m, in contrast to an outflow of £404m in February last year and despite the expected competition from the flotation of electricity generators.

The Building Societies Association said new net lending last month was down by 17 per cent against February 1994, to £542m.



Upward trend in engineering jobs detected

By Andrew Baxter

Employment in the UK engineering industry – which lost about 400,000 jobs during the recession – is probably rising for the first time since the late 1980s, according to a business trends survey published yesterday.

The quarterly survey, by the Engineering Employers Federation, suggests output and new orders are increasing almost as strongly as in the previous "boom" of 1987 and 1988.

The poll was hailed by the federation as dispelling doubts about the strength of the recovery in the engineering and related industries.

Recent official statistics indicated a downturn in engineering output between October and January, raising fears that recovery in the sector may already have peaked.

Mr Graham Mackenzie, the federation's director-general, said in a letter to Mr Kenneth Clarke, the chancellor, that the economy was developing in exactly the way needed to secure longer-term prosperity – increased exports and investment alongside relatively muted growth in consumer spending.

The survey, sponsored by Alex Lawrie, the business finance specialist, was conducted among 1,764 businesses between mid-February and early March. It asked whether six indicators were up, down or the same, compared with three months earlier. These were output, total new orders, new UK orders, new export orders, employment, and investment plans.

Fifty-two per cent of companies said output had risen, while only 16 per cent reported a fall. The pattern is similar on new orders, for both the UK and export markets. On employment, estimated at 1.7 to 1.8m for the sector, 34 per cent of companies said they were adding jobs, while only 18 per cent are cutting back.

In an important change from three previous surveys, big and small companies are increasing employment. In earlier surveys increased employment among smaller companies was offset by reductions at bigger employers.

Attack on big drug discounts for hospitals

By Daniel Green

Drugs are increasingly being offered to hospitals at discounts of up to 90 per cent to lock patients into a brand name that family doctors can later prescribe at full price.

Mr Brian Edwards, professor of health management at Keele University, said yesterday that there were products "that cost £5.69 in a hospital setting and £46 in primary [GP] care".

Pharmaceuticals companies had offered discounts "as high as 90 per cent" for drugs in hospitals when much higher sales were expected through general practitioners after the patient left the hospital.

Drug companies were prepared to sell loss-leaders to hospitals because GPs were reluctant to change a medicine that appeared to work well for a patient.

Prof Edwards, who is West Midlands regional director on the national health service executive, said that the tactic was growing. He told the Financial Times World Pharmaceuticals Conference in London: "Differential pricing policies are increasingly visible in the new NHS."

One hospital spoke yesterday of a two-thirds discount on the ulcer drug Zantac, the world's biggest seller, made by Glaxo. After a patient left the hospital a GP would prescribe Zantac at its full price, typically £28 for a month's supply.

The deepest discounts tend to be offered when the competition is a generic drug – one that has lost patent protection and is therefore made by many different companies – rather than another branded drug.

The most costly are drugs that are taken for life, such as heart medication.

The hospital said pharmaceuticals companies typically offered hospitals a two-thirds discount for a branded product while charging the GP the full price.

Glaxo said: "Different customers exercise different weight when negotiating prices. That applies to pharmacists who dispense to GPs' patients as well."

Prof Edwards called on the drugs industry to join forces with the NHS in "co-marketing [to GPs of] rational prescribing", which took into account economic and medical benefits.

His comments received some backing from Mr Jan Ekberg of Swedish drugs company Pharmacia, who said the industry was increasingly expected to participate in healthcare as a whole. Forces behind the change varied, he said, in the US the market was driving change, while in Europe the impetus was political.

Wide interest in rail rolling stock

By Charles Batchelor, Transport Correspondent

The British government yesterday launched the sale of the three companies which will lease rolling stock to the privatised train operating companies with an anticipated combined value of more than £1bn.

International interest is expected for the rolling stock companies – "roscos" – from the US, east Asia and continental Europe as well as the UK. The new companies, due be sold by the end of the year, will create a British railway rolling stock leasing market for the first time.

"Privatisation will give the Roscos access to the world's financial markets," Mr Brian Mawhinney, transport secretary, said yesterday. "It will set them free to develop new services and finance investment in Britain's passenger trains in innovative ways."

As part of the privatisation of British Rail, BR's 11,000 locomotives and passenger carriages have been allocated to three newly created companies: Angel Train Contracts, Eversholt and Porterbrook Leasing. They will lease them on to the 25 train operators.

Nearly 400 established companies in the leasing industry, banks, manufacturers of railway rolling stock and among development capital groups keen to back management teams have been approached by Hambros, the merchant bank handling the sale.

International leasing companies may also see this as an opportunity to break into a new market sector. Leading lessors such as GE Capital of the US, Orix Corporation of Japan, Société Générale of France and Lombard North Central/National Westminster are among the leaders in international rankings.

The government hopes bidders will be attracted by guaranteed revenue streams from the eight-to-10-year leasing contracts already negotiated.

Putting a value on the combined roscos at this stage was difficult, City analysts said, though the government believes they will raise more than £1bn. The final figure will depend on the extent to which bidders plan to finance their activities with debt, their ability to make use of tax concessions and the scope they see for reducing costs.

Bidders will be expected to register their interest by April 21. Preliminary bids must be made in July and final offers in September.

TECHNOLOGY

A slimy slug story

The life of a bio-electronic engineer at Sanyo Electric, the Japanese electronics maker, is not easy. The day starts with a visit to the laboratory's slugs.

The company is trying to apply biotechnology to electronics by integrating the data processing ability of slugs into computers.

The engineers decided to experiment on slugs – the small, slimy garden pests – because they have similar learning abilities to mammals but their nerve cell structures are more simple. However slugs' nervous systems are far more complex than even the most advanced electronic computers. They work through a combination of chemical and electrical signals.

Slugs, which are androgynous and multiply quickly, cannot see, but are understood to have smell and taste senses.

The experiments, which started in 1987, consisted of giving the slugs carrot juice, followed by quinine sulfate, a bitter tasting chemical often used in cold cures.

"After a while, the slugs learn that after the sweet carrot juice, their favourite food, they'll be given the bitter chemical, and start to avoid the juice," says Tatsuhiko Sekiguchi, manager of Sanyo's bio-systems laboratory.

After seven years of observations, Sanyo found changes in the frequency at which electrons in the slugs' brain oscillated during the learning process. Sekiguchi says the laboratory is creating mathematical equations based on the shifts in the frequencies, on which an electric circuit model will be based. A computer model is expected to be completed in the next five years, which will be applied to motion control. Producing a sensor that can differentiate voices is also a possibility.

The laboratory will not continue using slugs forever. "We'll eventually need to look at visual data processing, but since slugs don't have visual organs we'll probably have to use something else." Sekiguchi says.

Emiko Terazono

US scientists face bloody battles with the Republicans over their budgets, writes Deborah Shapley

Attack on R&D

US scientists are mobilising to challenge expected assaults on government research programmes by the Republican-dominated Congress. In their campaign to drive down the budget deficit, the Republicans are seeking deep cuts in the government's \$517.7bn (£315.6bn) discretionary spending programme: the \$72.7bn spending on research and development could be vulnerable.

"This is a new era without question," says one senior US scientist, pointing to the contrast with the Clinton administration's first two years when non-defence R&D spending increases were relatively assured.

Most vulnerable are applied research programmes and Clinton's industry-government R&D partnerships.

The Republicans' Contract with America manifesto proposes terminating two prominent agencies: the venerable US Geological Survey and the National Biological Service, a tiny but visible effort to reorganise ecosystem data collected by the government.

The manifesto also proposes axing federal support for the information superhighway. Separately, some Republicans in the Senate have proposed cutting military R&D thought to benefit the civilian sector. Others recommended killing Congress's Office of Technology Assessment.

Science, the leading US research journal, predicted that scientific programmes would spend 1995 "fighting as never before to defend their budgets and in some cases their survival".

For its defenders, the first skirmish was over Republican cuts in the current year's activities. Although most research activities survived, the bloodiest battles will come this spring over the fiscal 1996 budget. In February, the Clinton administration proposed a budget that was relatively favourable to research. If the Republican congress rejects Clinton's budget, it will have to produce its own in April.

Geologists are rallying around the \$572m a year geological survey. It is a world leader in mapping, monitoring water quality and researching the interior of the Earth and planets. "Disbanding the survey would hurt progress because all sciences work so closely together," says Carolyn Shoemaker, co-discoverer of the Shoemaker-Levy 9 comet that crashed into Jupiter last year. Carolyn and Eugene Shoemaker discovered the comet with David Levy, during long, low-profile careers at the survey.

The Republicans want to continue funding for the space station programme; privatise other space activities and cancel the satellite earth-observing programme. Space science could get caught in the squeeze, warns Claude Canizares, chief of Nasa's Space Studies Board.

Scientists and researchers also warn that Republican proposals will damage energy conservation and advanced computing, although the energy department's big former weapons laboratories may survive.

While protecting most military accounts, some Republicans would reduce military applied research, whose \$8bn cost is a tempting target.

Charles Vest, president of Massachusetts Institute of Technology, warns that these programmes support more than 80 per cent of university research in electrical engineering, 70 per cent in materials and metallurgy, and 55 per cent in computer science. They gave birth to the computer industry, Vest says. "There is a danger when decisions are made very fast that terms like applied research become bets for bad decisions."

Although the Republicans control both the Senate and the House of Representatives, scientists hope that a more experienced Senate will understand better than the House that "we're not the folks who brought you the deficit – and we're building the nation's future," as one physicist put it.

But recent moves do not augur well: Senate majority leader Bob Dole of Kansas announced recently that four cabinet departments should be eliminated. Albert Teich of the Centre for Science, Technology and Congress, says: "Even if the research jewels in these agencies were saved there is great concern about what would happen to the rest."

Both sides are struggling with the same issue: how to leverage government investment to create world class science and cutting-edge technology. This problem is particularly difficult for the US because it no longer has the Cold War to justify a gigantic military research base and because civilian government is under pressure to shrink in the drive to cut taxes and the federal debt.

Even if federal R&D accounts are held at present levels, long-term growth seems unlikely.

Philip Griffiths, director of the Institute for Advanced Study in Princeton, New Jersey, agrees there is a need to reorder federal research priorities. He stresses that in addition, economic policy must now stimulate more industrial R&D. Griffiths wants Congress to consider preferential tax treatment for corporate investment in R&D that does not yield short-term gains. He suggests rule changes for stocks held longer than five years and making the R&D tax credit permanent.

Economists do not agree on the absolute levels of R&D investment to sustain advanced technological growth. Some industries may spend large sums on R&D, yet innovate little. Yet targeted small investments such as that which led to the invention of the transistor can transform the world.

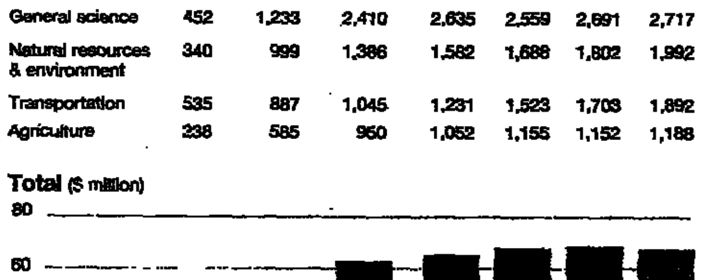
The Office of Management and Budget predicts that in real dollars, the US gross domestic product will expand from \$7,024bn to \$9,186bn by 2000, or 2.6 per cent ahead of a 3 per cent annual inflation rate. If federal civilian research stays even and industrial research continues growing at 0.6 per cent above inflation, the US will invest a smaller share of GDP on R&D by 2000.

Yet in the six leading Asian nations – China, India, Japan, Taiwan, Singapore, South Korea – total industrial investment has bounded upwards to approach US industry investment levels.

US federal funding for research and development

\$ million	1970	1980	1990	1991	1992	1993 (Estimates)	1994 (Estimates)
National defence	7,981	14,946	39,925	38,328	40,061	41,249	38,020
Health	1,084	3,694	8,308	9,226	10,055	10,260	10,936
Space research & technology	3,606	2,738	5,765	6,511	6,744	6,988	7,212
Energy	574	3,603	2,726	2,953	3,153	2,677	2,854
General science	452	1,233	2,410	2,635	2,559	2,691	2,717
Natural resources & environment	340	999	1,386	1,582	1,688	1,802	1,992
Transportation	535	887	1,045	1,231	1,523	1,703	1,892
Agriculture	238	585	950	1,052	1,155	1,152	1,188

Total ($ million)



Source: US National Science Foundation

Technically Speaking

Playing for high stakes

By Abraham Marcus

A new player, the pharmaceutical industry, is staking a claim to provide clinical care within the UK's National Health Service. The idea will be introduced to representatives of hospital trusts and NHS commissioning authorities, as well as pharmaceutical executives, at a two-day conference in June under the title Disease Management. The meeting is sponsored by Hoskyns, a consultancy whose clients include most of the leading drug companies.

The conference brochure heralds disease management – giving a company a service contract to manage all aspects of disease, rather than merely supplying drugs – as the solution to escalating costs. It requires all the partners in what is called the health chain to form a consensus as to how to achieve "the vision". Participants are to be told to "re-engineer your own product portfolio to develop a disease management focus" and to "return to your organisation empowered . . . to design and develop total health care disease management solutions". A contract would enable a company to employ its own drugs.

The purpose of the conference is to plan how disease management can be introduced in the UK. The speakers will include executives of the industry, NHS trusts and private medicine. Fundholding GPs will also be represented, as will the Department of Health.

Sir Duncan Nichol, former chief executive of the NHS Management Executive, is to give a keynote address. Sir Duncan chairs Health Care 2000, a thinktank set up last July with funding from a group of pharmaceutical companies.

Disease management in this commercial sense is a notion that has gained currency in the US. In the UK, interest derives from the commercially-minded management now in charge of the NHS.

In Britain disease management is traditionally the clinician's responsibility. The use of the term in a commercial context would seem to borrow credibility while causing confusion and, probably, outrage among doctors.

The initiative will be seen by many as privatisation in the guise of partnership, with the prospect of much of the NHS being run by drug companies.

The Department of Health has sanctioned various relationships with the private sector. Last August Tom Sackville, the junior health minister, said "while we are encouraging the NHS to co-operate with the independent sector, we as a department remain strictly neutral in the negotiating process". It is for NHS trusts or GP fundholders, Sackville said, to negotiate their own partnership deals and to satisfy themselves on the financial viability and clinical efficacy of services offered.

Two months later the department issued a guidance leaflet that enjoined health authorities not to enter into any deals on disease management. However, the head of the department's pharmaceutical division is due to speak at the conference and is expected to refer to progress on talks between the industry and the NHS.

The drug industry appears to be mounting a big effort to open up this new source of revenue at a time when it is facing stiffer controls over prices and has serious anxieties about the future. In many European countries price controls have brought drug costs below the EU average. In the UK, the House of Commons Health Committee proposed last year to cut costs through a national prescribing list which could end the existing Pharmaceutical Price Regulation Scheme. The proposal has been dropped.

The drug industry has little to lose in pushing disease management. The Department of Health must listen while not necessarily acquiescing. The medical profession has not been consulted officially, through either the British Medical Association or the Royal Colleges. But doctors' initial reactions suggest amazement and outrage.

The author is a consultant in medical care.

LEGAL NOTICES

No: 001136 of 1995

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
Eternit Construction Materials Limited
-and-
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 23 February 1995 presented to Her Majesty's High Court of Justice for confirmation of the reduction of the capital of the above named Company from £2,000,000 to £2.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at The Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 29th day of March 1995.

ANY creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under mentioned solicitors on payment of the regulated charge for the same.

DATED this 16th day of March 1995

Gouldens of 22 Tudor Street, London EC4Y 0JJ
Solicitors for the above named Company
(Tel: 071-583 7777)
(Ref: EQ(217)/607122)

No: 001143 of 1995

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
Eternit Holdings Limited
-and-
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 23 February 1995 presented to Her Majesty's High Court of Justice for (i) the confirmation of the reduction of the capital of the above named Company from £3,000,000 to £2,138,486 and (ii) the reduction of the Share Premium Account of the Company by £2,831,437.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at The Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 29th day of March 1995.

ANY creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under mentioned solicitors on payment of the regulated charge for the same.

DATED this 16th day of March 1995

Gouldens of 22 Tudor Street, London EC4Y 0JJ
Solicitors for the above named Company
(Tel: 071-583 7777)
(Ref: EQS(186)/607122)

INTERNATIONAL PEOPLE

New faces at BIS in Basle

■ André Icard, directeur général of the Bank of France's research department, joins the Bank for International Settlements in August 1995. He will succeed Rémi Gros as the assistant general manager of the BIS. Malcolm Gill, a former Bank of England man who joined the BIS in December 1991 as deputy head of the banking department, takes over from Gros as head of the banking department on April 1.

■ Wilhelm Schlueter chairman of the management board of Eunetcom, a joint venture between Deutsche Telekom and France Telecom.

■ Lien Ying Chow, who founded Singapore's Overseas Union Bank in 1947, retires as chairman and a director on April 30. Lee Hee Seng, a director since 1972, takes over as chairman.

■ Alan J Dalby, a former executive vice president of SmithKline Beckman, will replace Sir Michael Colman as chairman of Reckitt & Colman at the end of August.

■ Rodrigo Guerra, who resigned as head of IBM de Mexico last month, president and director general of AT&T for Latin American and the Caribbean.

■ Isao Shin chairman of Sumitomo Pharmaceuticals. Shin will be succeeded as president by Masayasu Takeuchi, vice president of Sumitomo Chemicals.

■ B Kenneth West, chairman of Chicago's Harris Bank, and Donald S Hunt, president and chief operating officer, are to retire later this year. Harris chief executive Alan G McNally, 49, will add the chairman's title and Edward W Lyman, 52, and Maribeth S Rahe, 46, become vice chairs. Harris is owned by the Bank of Montreal.

■ Joseph R Gladden, senior vice president and general counsel of The Coca-Cola Company, chairman of Coca-Cola Beverages, the Canadian bottling company. He replaces the late Ira C Herbert.

■ Renso L Caporali, former chairman and chief executive of Grumman Corporation, has resigned as a director of Northrop Grumman so that he can pursue other business opportunities in aerospace.

■ David White, national director of derivatives and market development at the Australian Stock Exchange, has joined the Hong Kong Securities and Futures Commission as executive director, supervision of markets.

■ Jonathan W Ayers, 38, has joined United Technologies from Morgan Stanley, as vice president, strategic planning.

■ Charles Blixt, 43, succeeds Wayne Juchatz as senior vice president and general counsel of R J Reynolds Tobacco Co. Juchatz has joined Textron as executive vice president and general counsel.

■ June Yee Felix has been appointed head of Chase Manhattan's global payments and treasury services division in the Asia-Pacific. ■ Dorothy A Terrell, 49, president of SunExpress, a director of Sears, Roebuck and Co.

■ Stephen Schapp has replaced Patrick Bowden as executive vice president for marketing Europe, Middle East and Africa region at Visa International. Bowden, who retired earlier this year, remains a special adviser.

■ Olav B Bergheim has resigned as a group vice president of Baxter Healthcare Corporation and Baxter World Trade Corporation.

■ John J Lipinski, 44, has been appointed vice president, refining, at Houston's Coastal Corporation. Edward A Mor, 46, vice president, product supply and transportation, and Thomas M Wade, 42, vice president crude oil supply and marketing.

■ Orin R Smith, chairman of Engelhard Corporation, a director of Perkin-Elmer Corporation.

■ Mark C Francis, 38, formerly with Lazard Brothers, has joined UBS Securities in New York as a managing director corporate finance/mergers and acquisitions.

■ Erich Casoni has resigned as head of Digitron AG following policy differences with the rest of the board. He has been replaced by Andreas Münch, 38, who has been managing Digitron Logistics since last October.

International appointments

Please fax announcements of new appointments and retirements to +44 171 873 3926, marked for International People. Set fax to 'fine'.

BUSINESS AND THE LAW

Stark picture of justice

Latin American judiciary must be strengthened if the private sector is to prosper, says Edgardo Buscaglia

Corruption and delays in the judicial systems of Latin America are hampering the development of the private sector and depriving ordinary people of access to justice. This is the stark picture painted by surveys in the region.

The role of the courts in the development of the private sector has been disregarded until recently, but the judiciary plays a fundamental part in the development of a strong private sector.

In a market context, judges must ensure consistent enforcement of property and contractual rules in a timely manner and must provide accessible and impartial mechanisms to deal with legal conflicts.

In Mexico, where the judiciary faces enormous delays in dealing with cases and corruption related to organised crime and drug cartels, the new administration has responded by committing itself to promoting an independent legal system and improving the courts' enforcement powers. As most Latin American countries continue their economic reforms, the need for an efficient judiciary becomes increasingly important and thus the countries in the region should follow the Mexican example.

Meanwhile, backlogs and delays throughout the region clearly show the courts' inability to satisfy the public's demand for justice. And throughout Latin America, the lack of an independent judiciary means that courts often face political interference and corruption.

More than 55 per cent of all judges interviewed by my colleague María Dakolias and myself for a recent survey in Argentina, Brazil, Chile, Ecuador and Venezuela pointed to the lack independence as one of the main constraints to justice.

Delays have traditionally been attributed to the lack of financial resources devoted to the courts, to procedural defects which slow the progress of cases, or even to the low cost of filing a suit in some jurisdictions which results in the courts becoming clogged with too many cases.

However, there are other reasons for these delays, such as the lack of professional standards and training among litigants' lawyers, an excessive burden of administration falling on judges, and corruption and interference.

Our research in Argentina shows that judges spend up to 70 per cent of their time on simple bureaucratic tasks such as signing cheques or filling out supply requests. In Brazil and Peru the same administrative chores take up 65 per cent and 69 per cent respectively of judicial time.

In most of the region, the time needed for a typical business-related case is excessive by most people's standards. Our study shows that delay and corruption are increasing.

The time taken to deal with cases was up to 2½ years in some parts of the region in 1993, and has been rising sharply – on average by 85 per cent since 1986. And businesses have found that bribes and payoffs to court officials make up a large proportion of the costs of pursuing grievances, according to surveys. We found that payoffs represent between 8 per cent and 12 per cent of the costs of going to court in our examination of Argentina, Brazil, Ecuador and Venezuela.

Clearly, promoting small and medium-sized companies is one of the biggest challenges for Latin American governments as they work towards achieving sustainable high levels of domestic investment and economic growth. These businesses are the main reservoir of entrepreneurial talent and a big source of jobs in the region.

Surveys conducted recently in Argentina, Brazil, Chile and Uruguay show that corruption and court delays create a barrier to small companies entering the market and therefore hamper the growth of the private sector.

Demand for justice from small businesses is more intense, as they find it more difficult to get access to other methods of resolving disputes, such as arbitration or mediation. Although smaller companies rely on negotiation, they are not as familiar with the techniques of such means of resolving disputes, according to lawyers working in textiles, manufacturing and agriculture. This means they often rely more on the courts.

Due to their lack of alternatives, new businesses become primary targets of corruption, we found in our research. In contrast, bigger and well-established businesses usually do not need to rely as much on the courts to survive because they have experienced lobbies and can often exploit their connections with the local government elite.

Additionally, unlike the well-established companies, new businesses face credit constraints and thus often cannot afford the costs of court delays. These delays are damaging because of the time, money, uncertainty, and procedural requirements that individuals and businesses face when redressing grievances in a typical court, and obstacles can affect decisions about whether to bring cases to court.

And just 13 per cent of people in Argentina and 20 per cent in Ecuador have confidence in the administration of justice in their countries, according to a Gallup poll. In Brazil, 74 per cent said that the provision of justice is of poor quality.

As a leading Latin American appeal court judge stated recently during a visit to Washington DC: "We, as an institution, need to regain the trust of the people."

This clearly shows that individuals do not trust the judiciary to redress their grievances and enforce their rights. Similarly, businesses in the region tend to write off their losses, and avoid activities that otherwise would be beneficial to society such as creating employment.

One of the most important challenges for emerging markets in Latin America is enhancing the capability of the courts to set out and enforce property rights and contractual rules.

The new generation of entrepreneurs needs a clear view to be able to make investment decisions – and this depends on clear and impartial court rulings. Market reforms need courts which are able to interpret the law within predictable standards.

As the saying goes: "Justice delayed is justice denied". Only by providing legal training to judges and lawyers, while promoting the independence of the judiciary, will a country be able to assure a consistent environment for business and its people.

The author is a professor of law and economics and co-founder and vice-president of the Inter-American Law and Economics Association

Jurisdiction issue is determined

EUROPEAN COURT

The question of where the victim of an alleged libel distributed in several member states may sue for damages under the terms of the Brussels convention on jurisdiction and judgments has been determined by the European Court of Justice.

The court said the victim could sue the publisher either in the country where the publisher was based, where the courts would have jurisdiction to award damages for all the harm caused, or in each member state in which the libel was distributed, where each country's courts would have jurisdiction to rule only on the damage caused in that state.

The case arose from an article in the newspaper France-Soir published by Presse Alliance about an operation by French drug squad officers at one of the bureaux de change operated in Paris by Chequepoint SARL.

The article mentioned the Chequepoint company and a Ms Fiona Shevill, who was temporarily employed by Chequepoint in Paris. The Chequepoint group and Ms Shevill thought the article was defamatory in that it suggested they were part of a drug-trafficking network for which they had laundered money.

An action was started before the English courts which, after amendment, sought damages from Presse Alliance in respect of the copies of the newspaper sold in England and Wales. For the relevant issue of France-Soir, some 230 copies were sold in England and Wales of which five were sold in Yorkshire, where Ms Shevill resided.

After issuing an apology, France-Soir sought to strike out the action. This failed and, after several appeals, the case cam before the House of Lords. France-Soir argued that, under the Brussels convention, the English courts did not have jurisdiction since the place where the harmful event occurred was in France and no harmful event had occurred in England. The Law Lords referred the issue to the ECJ.

The Court found that the provision in the Brussels Convention granting jurisdiction to the courts of the place where the harmful event occurred was a rule of special jurisdiction. It was based on a close connecting factor between the dispute and those courts other than those of the defendant's domicile, which justified jurisdiction for reasons of sound administration and efficient proceedings.

In those instances in which the place where the event occurred and the place where the damage occurred were not identical, the rule of special jurisdiction allowed the plaintiff to sue in either.

In the case of libel by a newspaper, the place of the event giving rise to the damage was the place where the newspaper was established. The courts of that place had the jurisdiction to hear the action for damages for all the harm caused by the unlawful act.

The place where the damage occurred in such an instance was where the publication was distributed, when the victim was known in any such place. The courts of that place or places could rule on the injury to the victim's reputation in that place or places.

The Court was then asked whether the national court, in determining whether it had jurisdiction as court of the place where the damage occurred, had to follow rules different from those laid down in its national law in relation to the criteria for assessing whether the event in question was harmful and in relation to the evidence required of the existence and extent of the harm alleged by the victim of the defamation.

The ECJ said the sole object of the Brussels convention in this area was to determine which courts had jurisdiction to hear the dispute by reference to the place or places where an event considered harmful occurred. Questions such as those raised were to be settled solely by the national court, applying the substantive law determined by its national rules on conflict of laws.

C-68/93: Shevill and Others v Presse Alliance SA, ECJ FC, March 7 1995.

BRICK COURT CHAMBERS, BRUSSELS

Addressing the idea of reality: 'Small Lighthouse with Walls', 1993, by Stephen McKenna

Still-life into abstraction

William Packer admires the work of three artists exhibiting in London

Reed's Wharf Gallery, on the South-wark bank some little way below Tower Bridge, commands as spectacular a site as any in London, with the barges beaving and the tide running just outside the windows, the far bank now grey and misty in the rain, now gleaming in the sunshine. It is currently occupied by the new work of Stephen McKenna, that *rara avis*, a mature and figurative artist who was once nominated for the Turner Prize.

Long resident in Italy, he now divides his time between Tuscany and Donegal, where he lives near the coast. His practice is to work in batches, depending on his current interest and where he is – the last batch he showed, for example, was of Etruscan still-life – and this exhibition of landscape subjects and more still-life, is all Irish.

But whatever his material subject, he is always a painter of still-life. For taken at its most serious and profound, as we have seen recently in the magnificent Spanish show at the National Gallery, the still-life is no mere exercise in accurate representation, but one of isolating and addressing the abstract idea of reality itself. The very artificiality of the painting is half the point. As Mckenna says: "To be avoided is any kind of naturalism, which would simply remind one of an effect instead of presenting a reality."

And so for him the sea is a still-life, the lighthouse amid its precise grey walls a still-life. He speaks of translating "the flux and movement of water into *the spatial immobility which is proper to painting*" (my italics). In all of this he is close to those early Italian modernists, the metaphysical painters De Chirico, Carrà and the young Morandi, whose work is fraught with symbolic resonance and narrative possibility, but quietly, implicitly, ambiguously so.

Michael Porter, 50 yards inland at the Jacob Street Studios, is another painter who works from the given visual source but is in no sense naturalistic in the result. In contrast to McKenna, whose surfaces are carefully undemonstrative, he is an expressionist of sorts, active and vigorous alike in the drawn mark and the rich scumble of the painted surface.

Superficially abstracted, these are far from being abstract paintings, though they give up their figurative secrets slowly, and their material autonomy as painted surfaces is never qualified, let alone denied. The paint, the surface, the mark as it is made, is the reality, not the image. But the images are there, the references to the tangle of roots in the undergrowth, to the sheen of the rotting wood, to the shiny trail of the snail, to the tumescent fungi pushing through the decay. The symbolism is again unspoken, implicit, and the more potent a force upon the imagination for that.

Most of the work is large, abstracted to a degree, and beautifully done, but Porter is also showing a group of small studies on paper that are at least as beautiful and successful, and perhaps more significant. For they occupy precisely that ground between the source material as it is discovered and experienced, and the statement as it is subsequently considered and refined. At once directly figurative and abstracted, the tension they retain between thought and action is exquisitely felt.

The first thing to say of Bryan Ingham's new collage paintings, now at Francis Graham-Dixon in Clerkenwell, is that they are remarkable technically and again beautifully done. Collage is a seductive medium that flatters to deceive, quick in its effect and too often glib and shallow in the actual achievement. To command it formally to the point where the material fact of the collage is incidental within the overall integrity of the work is no small thing. This Ingham manages with a wonderful assurance.

But there is rather more to it than that, for his references too take him onto dangerous ground, where legitimate engagement may all too easily be taken as mere pastiche. For he works in the far west of Cornwall, and he has looked long and closely at the schematic, mannered cubist landscapes of Ben Nicholson. He has looked and responded no less directly to the collages of Kurt Schwitters. Most daunting of all, he has gone back to Braque and Picasso and taken it upon himself to rework the synthetic phase of Cubism in his own way, with all its disastrous potential for invidious comparison.

That he comes out of it with a body of work that, for all its open acknowledgement of influence and example, remains quite his own, unapologetic and self-assured, is indeed remarkable. My only caveat is that some of the collage material of itself, in the actual imagery it carries, brings in a quality of nostalgia that is obtrusive and unnecessary. Ingham is too sophisticated an artist to need such defensive distraction.

Stephen McKenna: The Sea Paintings 1992-94; Reed's Wharf Gallery, Mill Street SE1, until April 13. Michael Porter: Shining Cliff Woods; Purdy Hicks Gallery, Jacob Street Film Studios, Mill Street SE1, until April 22. Bryan Ingham: new paintings, collages and assemblages; Francis Graham-Dixon Gallery, 17 Great Sutton Street, London EC1, until April 29.

Music in London

Nash Ensemble

The Nash Ensemble is celebrating its 30th anniversary season with three concerts conducted (where necessary) by Lionel Friend at the Purcell Room. All three – the last is tonight at 7.30 – make a point of setting new and recent, mostly British pieces beside modern chamber classics – Tippett's song-cycle *The Heart's Assurance* on the first programme; Shostakovich's E minor Piano Trio on the second, given last Thursday.

The first evening saw the London premieres of three works commissioned by the Nash. Sally Beamish's *Madrigali* is a spin-off from an opera-in-progress based on a David Pownall play about composers and murder: the focus is on Gesualdo and Peter Warlock, who, under his real name of Philip Heseltine, co-authored a book about that wife-murdering Prince of Venosa. The harmonic sophistication of the latter's books of madrigals fruitfully influences Beamish. Her word-setting, albeit over-powerfully enunciated here by tenor Adrian Thompson has its own quite lacerating plangency, and her accompaniments for instrumental sextet are spare and skilful.

Colin Matthews's *23 Frames for 4 Players* proved an entertaining experiment in building an original, surprising structure out of largely borrowed materials. These 23 half-minute sections scored for every permutation of horn, viola, cello and piano are packed with quotations, but one soon stopped needing to identify them, content to be borne along by the music's zestful flow. Robert Saxton's piano quintet *A Yardstick to the Stars* was another essay in daring structure. Drawing inspiration from Morris Kline's description of the birth of trigonometry, Saxton plots his work on two planes: one that of a straight line, or yardstick, which is followed by the string instruments; the other that of a semi-circle which is mapped out by the piano (the redoubtable Ian Brown). The four movements unfold on both planes at once, always out of synch in a way that evokes the innovative music of Elliott Carter. Such is Saxton's architectonic skill that one can always hear exactly what is happening where. Saxton makes mathematics sing and dance like the stars.

The second programme featured world premieres of two more Nash commissions, both of them setting 20th century Russian verse, but only one of them brand-new. John Tavener's *Akhmatova Songs* is a recension for soprano and string quartet of his 1993 work of the same name for soprano and cello, and is not to be confused with his ambitious *Akhmatova Requiem* of 1979-80. Bare and modal in the composer's most recent purged and devotional manner, which hardly taxed the Nash players, the songs nonetheless tax the singer, and afford us a quasi-coloratura thrill or two, with some spectacular top Bs and C sharps. The eloquent Patricia Rozario, for whom the music was devised, comfortably found her way up there.

Earlier she had made a most persuasive case for Elena Firsova's beautifully written cantata *Before the Thunderstorm*, Op. 70, a setting of five late Mandelstam poems for voice and a mixed nonet that includes telling parts for celesta, tubular bells and tam-tam. The slow prelude for clarinet and strings defines the work's sombre but defiant mood and frames the whole structure, returning with its surprise cadential tam-tam stroke at the end. The first setting is a glittering dialogue for soprano and flute alone. The fourth, with its brilliant scorn for "the wolf-fanged age", has a horn obbligato worthy of Britten's *Serenade*. A passionately inventive achievement.

Paul Driver

Elgar and more

Perhaps the greatest challenge facing a composer today is not so much getting the commission as prolonging the life of the work into a second performance and beyond. At the Proms last year the BBC took the bold step of giving second airings to older Prom commissions, and it is clearly continuing this policy as part of its ongoing "Edward Elgar: The Music Maker" series.

Beginning a fortnight ago with a concert which included a splendid new trumpet concerto from the 34-year-old David Sawer, it continued on Sunday at the Royal Festival Hall with the Symphony, first heard at a Prom in 1982, by Hugh Wood. With its toughly dissonant, Schoenbergian language it makes few concessions to current calls for "accessibility". The Symphony, at nearly 40 minutes, is no exception, but throughout its often painful journey from darkness to illumination it offers an absorbing confessional experience. Its long and tortuous progress encompasses a nightmarish introduction, an elegiac slow movement Brucknerian spaciousness, a demonic scherzo and a bracing, chaconne finale. Quotations from Wagner, Mozart and Janáček, introduced without a hint of post-modern irony, provide further filter for Wood's ultimately triumphalist message, which is presented with a dramatic flair which even those put off by "modern music" should find nourishing.

Andrew Davis and the BBC Symphony Orchestra gave the Symphony a heroic performance and rhythmically incisive, qualities which served them well for a rich, searching account of Elgar's violin concerto. As with the Wood, a big, public genre is used to present the most intimate and discersive thoughts. The ever dependable veteran Ida Haendel proved a supple soloist, bringing the right degree of introspection without lapsing into kitsch and making light work of the bravura demands.

Pyrotechnics of a different order were on display on the curiousity of the evening, Elgar's arrangement of Bach's C Minor Fantasy Fugue for organ, a dinosaur of a piece, oblivious to all current notions of authenticity. Its cascading harps, cymbal clashes, braying trombones and drum riffs, sounds unknown to Bach, leave you gasping at Elgar's sheer affrontery and marvelling, as ever, and the fecundity of his imagination.

Antony Bye

Dance/Clement Crisp

Mark Morris triumphs in Woking

Woking does not spring immediately to mind as having a shrine to Terpsichore, but – hurrahs – its first Dance Umbrella Festival and New Victoria Theatre are making us change our view. Woking Borough Council's imaginative decision to host such an event, an admirable theatre and even more admirable stage mean that we now have a new dance house in the South-East, and one which also boasts a small associate auditorium.

The New Victoria, just a couple of years old, has shown dance before – the London Contemporary group played there – though never so excitingly as in presenting Mark Morris and his company at Thursday's start of a tour which will not include London. (Indecision and compromise in this country will ensure that we never get such a home for dance in London, and major troupes will continue to avoid the capital.)

The programme for this visit contains four varied pieces whose common theme is Morris's acute musical sense. Whether the score is Brahms (the *Neue Liebesliederwaltzer*), Gershwin piano preludes, the ghastliest cow-poke ballads or Lou Harrison's bold Grand Duo for violin and piano, Morris's dances are saturated by their music, shaped by it.

His *New Love Song Waltzes* are far from conventionally waltzy, yet you see how the music (and sometimes the words) dictate everything as ten dancers form pairs and threesomes, link in chains, make love, and are impelled onward by the songs. Both dancers and dances have weight, are strongly muscled, and Morris infuses them with an innocence that gives a wonderful air of spontaneity to each sequence. The dancers look like people caught unawares, loving and cherishing each other with unaffected directness.

Morris's realisation of Brahms's first collection of Liebeslieder waltzes came later, and was darker, more aware and haunted in its sexuality. This original set has a Duncanesque frankness – Isadora before tragedy touched her – and is an unshadowed delight.

His physique combines lightness and bulk – he is neither heavy-footed nor heavy-handed in his art

Morris's solo to Gershwin's three piano preludes is characterised by his own impeccable timing and the way his physique combines lightness and bulk – he is neither heavy-footed nor heavy-handed in his art. A black suit; white spats and gloves; and Morris sauntering, flickering, leaping, and cutting each incident with a stunning exactness. It is oddly timeless – not wholly of today, yet not a jazz age homage – and splendid as a self-portrait.

I find the cowboy tunes from Bob Wills and his Texas Playboys which Morris adopts for *Going Away Party* something like the torment of the damned. Morris uses them as a basis for a satiric study of courting rituals and small-town morals, relishing the awfulness of the words – "I feel too low to get high" – and feeding the dance with illustrative gesture taken from the lyrics (sometimes more than saucily). Three girls are brazen; their chaps are randy, and need to take the occasional leak. Morris, as host and outsider at the party, plays a rather sentimental role. What the piece does is well done in having fun with the demotic of country and western manners, but it is ultimately a prisoner of its deadly tunes.

The programme ends with one of the darkest and most daring of Morris's creations. On one level *Grand Duo* exposes how Lou Harrison constructs his fascinating composition for violin and piano (splendidly played by Simon Smith and Linda Dowdell). Morris reflects on, dissects, or is carried along by Harrison's powerful and austere writing. At the same time, he proposes a ritual for 14 dancers (their costumes archaic in shape, with tunics and draperies) which made me think of the German expressive dance of the years between the wars, when Mary Wigman and her colleagues were forging an idiom of great emotional and physical density, and exploring the idea of "movement choirs" to interpret music through monolithic group gesture and activity.

Morris's mood is as shadowed and ambiguous as the stage lighting. Pointing fingers acquire ritualistic force, or seem hieroglyphs whose precise meaning we may not read but whose sense is clear. The dancers are caught up in routines from which they cannot break, and the austere lines or percussive force of Harrison's score bind them inextricably. It is a mystery – and holds us enthralled because of this. It is also a triumph of physical organisation in response to a remarkable score. And that, as usual, is the signature to a Morris work.

The Mark Morris performances are sponsored by the Lila Wallace Reader's Digest Fund.

The company visits Canterbury, Snape, Newcastle, Blackpool, Birmingham, during the next three weeks.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

OPERA/BALLET

Het Muziektheater Tel: (020) 551 89 22

● Schoenberg Trilogy: new productions of "Die Glückliche Hand", "Von Heute auf Morgen" and "Erwartung" and the first time these three one-act operas are playing in one performance. With David-Wilson Johnson, Isoldé Elchlepp and conductor Winfried Maczewski; 8pm; Mar 22, 25

■ BALTIMORE

THEATRE

Center Stage Tel: (410) 685 3200

● Happy End: book and lyrics by Bertolt Brecht, music by Kurt Weill. Irene Lewis directs this adaptation by Michael Feingold set during 1920's Chicago; 7.30pm; to Mar 26

■ BERLIN

OPERA/BALLET

Deutsche Oper Tel: (030) 34384-01

● Lucia di Lammermoor: by Donizetti. Conducted by Marcello Viotti and produced by Filippo Sanjust; 7.30pm; Mar 22, 25

● Martha oder Der Markt zu Richmond: by Friedrich von Flowtow. Premiere conducted by Sebastian Lang-Lessing and produced by Winfried Bauernfeind; 7pm; Mar 24

● Ring um den Ring: by Wagner. Ballet based on "The Ring Cycle", choreographed by Maurice Béjart; 7pm; Mar 21

● The Girl of the Golden West: by Puccini. A new production conducted by Paolo Olmi and produced by Frank Corsaro. Soloists include Galina Kalinina and George Fortune; 7pm; Mar 23, 26

Staatsoper unter den Linden Tel: (030) 200 4762

● Der Rosenkavalier: by Strauss. Nicolas Brieger directs this new production. The sets are designed by Raimund Bauer and Donald Runnicles conducts; 6.30pm; Mar 26 (6pm)

■ FRANKFURT

CONCERTS

Alte Oper Tel: (069) 1340 400

● Chamber Orchestra of Europe: with pianist Gerhard Oppitz. Iván Fischer conducts Stravinsky and Beethoven; 8pm; Mar 21

● South Western Radio Orchestra: with mezzo-soprano Vesselina Kasarova and tenor Zoran Todorovich. Peter Falk conducts a variety of operatic pieces; 8pm; Mar 22

■ LONDON

CONCERTS

Barbican Tel: (0171) 638 8891

● Mahler Festival: this concert opens the second part of Michael Tilson Thomas' Mahler Festival, the highlight of his final season as the principal conductor of the LSO. This performance includes the UK premiere of Schnittke's "Concerto Grosso No.5"; 7.30pm; Mar 22

● Mahler Festival: Michael Tilson Thomas conducts the London Symphony Orchestra with tenor Ben Heppner and baritone Thomas Hampson to play Mahler and Rott; 7.30pm; Mar 26

Royal Festival Hall Tel: (0171) 928 8800

● City of Birmingham Symphony Orchestra: Sir Simon Rattle conducts Britten, Schoenberg and Shostakovich; 7.30pm; Mar 23

● Grand Classical Gala: National Symphony Orchestra conducted by David Coleman plays a variety of operatic pieces; 7.30pm; Mar 26

● Royal Philharmonic Orchestra: with pianist Yefim Bronfman and conductor Vladimir Ashkenazy plays Bartók and Shostakovich; 7.30pm; Mar 21

● Royal Philharmonic Orchestra: Vladimir Ashkenazy conducts Beethoven and Shostakovich; 7.30pm; Mar 25

OPERA/BALLET

English National Opera Tel: (0171) 632 8300

● Don Giovanni: a new production of Mozart's opera. House debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Mar 23, 25

● Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30pm; Mar 22, 24

Royal Opera House Tel: (0171) 304 4000

● Giselle: music by Adolphe Adam. A Royal Ballet production choreographed by Marius Petipa after Jean Coralli and Jules Perrot and produced by Peter Wright; 7.30pm; Mar 21, 25 (7pm)

● Siegfried: by Wagner. A new production directed by Richard Jones and conducted by Bernard Haitink; 5.30pm; Mar 27

● Swan Lake: by Tchaikovsky. Choreographed by Marius Petipa and Lev Ivanov, production by Anthony Dowell; 7.30pm; Mar 22, 23

■ NEW YORK

CONCERTS

Avery Fisher Tel: (212) 875 5030

● New York Philharmonic: with soprano Gillian Webster. Sir Colin Davis conducts Mozart and Mahler; 8pm; Mar 21 (7.30pm)

● New York Philharmonic: Sir Colin Davis conducts an all-Sibelius programme; 8pm; Mar 23, 24, 25

Carnegie Hall Tel: (212) 247 7800

● Orchestra of St. Luke's: with soloist Alicia de Larrocha. André Previn conducts Mozart and Haydn; 8pm; Mar 25

OPERA/BALLET

Metropolitan Tel: (212) 362 6000

● Idomeneo: by Mozart. Produced by Jean Pierre Ponnelle, conducted by James Levine; 8pm; Mar 25

● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Mar 24

● Pelléas et Mélisande: by Debussy. A new production by Jonathan Miller. Conducted by James Levine; 8pm; Mar 23, 27

● Tosca: by Puccini; 8pm; Mar 22, 25

New York City Opera Tel: (212) 307 4100

● La Traviata: by Verdi. A new production conducted by Yves Abel and directed by Renata Scotto. Soloists include Janice Hall/Oksana Krovytska and Stephen Mark Brown/ Richard Drews; 8pm; Mar 25

● The Merry Widow: music by Lehár, English book adaptation by Robert Johanson. Conducted by Eric Stern, directed by Robert Johanson; 8pm; Mar 26 (1.30pm)

■ PARIS

CONCERTS

Champs Elysées Tel: (1) 49 52 50 50

● National Orchestra of France: with baritone Boris Martinovic and pianist Michel Béroff. Victor Puhl conducts Mozart, Mussorgsky and Prokofiev; 8.30pm; Mar 23

Opéra National de Paris, Bastille Tel: (1) 47 42 57 50

● Chamber Music: with violinists Fréderic Laroque, alto Jean-Claude Dewaele and counterbass Thierry Barbé from the Orchestra of the National Opera. The programme includes Bach, Telemann and Mozart; 8pm; Mar 21

OPERA/BALLET

Châtelet Tel: (1) 40 28 28 40

● Peter Grimes: by Britten. A new production by Adolf Dresen with Jeffrey Tate conducting the Philharmonia Orchestra; 7.30pm; Mar 25

Opéra National de Paris, Bastille Tel: (1) 47 42 57 50

● The Masked Ball: by Verdi. Conducted by Antonello Allemandi and produced by Nicolas Joël. Soloists include Gegam Grigorian; 7.30pm; Mar 23

■ PRAGUE

GALLERIES

Old Royal Palace Tel: (2) 3337 2272

● Antony Gormley's "The European Field": under the instruction of Gormley, thousands of clay figures made by locals and friends in the Swedish town of Ostra Grevie are placed in a field; to Apr 30

■ WASHINGTON

CONCERTS

Kennedy Center Tel: (202) 467 4600

● National Symphony Orchestra: with violinist Robert McDuffie and organist William Neil. James Paul conducts Berlioz, Bernstein and Saint-Saëns; 8.30pm; Mar 23, 24, 25

GALLERIES

National Gallery Tel: (202) 737 4215

● Claes Oldenburg: an anthology containing drawings, sculptures and constructions; to May 7

OPERA/BALLET

Washington Opera Tel: (202) 416 7800

● Carmen: by Bizet. A new production with Denyce Graves in the title role. Ann-Margret Pettersson directs a production by Lennart Mörk. Conductor Cal Stewart Kellogg. In French with English surtitles; 8pm; Mar 25 (7pm), 27 (7pm)

● Tiefland: by Eugen d'Albert. Roman Terleckyj directs a new production by designer Zack Brown. In German with English surtitles; 8pm; Mar 23, 26 (2pm)

THEATRE

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● The Art of the Samurai: a two-part programme that includes a demonstration of Samurai sword fighting and a performance of Akho-Gishi, a Japanese drama from the Edo period (1600-1868) directed by Takashi Ishiguro; 7pm; Mar 27

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THE FT INTERVIEW: Wolfgang Schäuble

Kohl's loyal lieutenant

Mr Wolfgang Schäuble, second-in-command to Mr Helmut Kohl, German chancellor, in the governing Christian Democrat party, is a man of firm principles tinged with a strong dose of pragmatism. During a visit to London yesterday to meet Mr John Major, the prime minister, and senior UK ministers, Mr Schäuble displayed both qualities in spelling out Germany's European policies.

First, at next year's intergovernmental conference to revise the Maastricht treaty, Germany wants progress on pooling European decision-making through "integrated structures", above all in foreign and security policy.

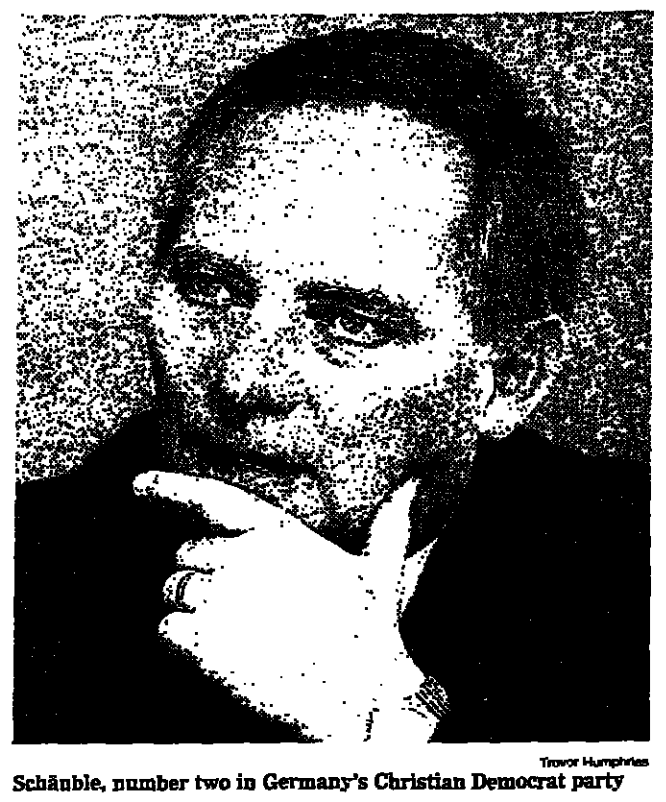
Second, Germany would like a substantial advance towards European political union, but is not making this an additional condition for fulfilling the Maastricht goal of economic and monetary union. "We have ratified the treaty, and monetary union will be carried out so long as the conditions [on economic convergence] are fulfilled."

Third, whatever the conflicts within Britain's Conservative party, Germany wants the UK to play a full part in European integration. Mr Schäuble says a common foreign and security policy would be impossible without the UK.

Confined to a wheelchair after an assassination attempt in 1990, Mr Schäuble is leader of the conservative CDU/CSU party grouping in the German Bundestag, and much tipped as Mr Kohl's successor.

He was one of the initiators of the controversial CDU/CSU document last September which suggested that a "core" group headed by Germany and France should lead the way towards a federal Europe. However, following a generally hostile reception to the proposals in EU capitals, he admits he is now more pragmatic.

Yesterday, for example, he took a step towards countering British misgivings over the transfer of powers from national governments by saying that, in the foreign policy and security area, the question of setting up new institutions was not a priority. "The important thing is that we have common policies. Whether we do this through intergovernmental co-operation or supranationally is almost secondary," he says.



Trevor Humphries

Schäuble, number two in Germany's Christian Democrat party

He shows signs of sharing traditional British fears that the EU's proposed common defence policy could weaken Nato. "The European Union is not an alternative to Nato – we will need US involvement in Europe." He accepts that any concrete moves towards setting up an integrated European defence force are still years away. "It will be a long time before the EU makes decisions about deploying troops."

Mr Schäuble is acutely aware that many ordinary Germans have been dismayed at the EU's impotence in the conflict in the former Yugoslavia. "How can I explain to people that they should give up the D-Mark when we cannot stop disputes in Europe?"

On two important questions likely to figure in next year's conference, Mr Schäuble espouses views that will be unpopular with some other EU governments, including those in London and Paris. He wants to make EU decision-making procedures more effective through extending majority voting, at present largely limited to questions concerning the single market.

"We should eliminate the right of veto [over EU decisions]." He points to the risk that efforts by EU Mediterranean states to safeguard their economic interests could hold up or even block planned eastern enlargement.

Mr Schäuble supports giving the European parliament equal rights over European legislation with the Council of Ministers. "Everything that has the quality of law should be decided by both parliament and the council."

He rejects the idea, however, that Germany's desire for decisions on political union next year adds up to another hurdle for Emu. Asked about recent suggestions by Mr Hans Tietmeyer, the Bundesbank president, that monetary union should be accompanied by permanent steps to improve EU co-ordination in other economic policy areas, Mr Schäuble says Mr Tietmeyer is putting forward no more than "wishes".

"We are not formulating extra conditions. I believe in implementing treaties that we have signed and ratified. It is true that we would like further progress on political union. But we will remain reliable partners."

Mr Schäuble says he wants Emu to take place as quickly as possible, but adds that, as a result of the latest currency turbulence, it is more likely to happen in 1999 than by the earlier date of 1997.

As a condition of Germany's ratification of Maastricht under the terms of a constitutional court judgment in 1993, the Bundestag will have to judge – probably at the end of 1998 – whether candidates for Emu have fulfilled the convergence criteria governing eligibility for entry. Mr Schäuble acknowledges some ambiguity about the way the criteria are defined: "We are for a strict interpretation [of the criteria] but not an excessive one."

But he says the parliamentary vote will not be a hindrance for Emu. "As a duty to the constitutional court, parliament is looking [at the criteria] . . . We are likely to vote in favour."

Mr Schäuble believes Germany's politicians will counter the general antipathy towards Emu by German public opinion. "The soul of Germany is Europe, it is not the D-Mark."

Since Germany itself looks as if it will fulfil the criteria, the fate of Emu will probably depend on France, at present overshooting the target for budget deficits. However, he says: "I am quite sure that whoever wins the French election – Balladur, Chirac or Jospin – will maintain France's overriding interest in bringing monetary union to fruition."

Mr Schäuble believes the economic benefit of a single currency will give Europe an additional weapon in the fight to lower unemployment and improve competitiveness. "The combination of the single market and monetary union will add to pressure for [economic] innovation. And he permits himself a prediction that, assuming Emu goes ahead in 1999 with a Franco-German "core", the UK will quickly join in. "Britain will recognise relatively soon that its interest lies in participation, not in keeping its distance."

David Marsh

Europa: Dominique Moisi

Charisma over prudence

When Mr Jacques Chirac, the leader of the French Gaullist party, presented his foreign policy and defence programme last week in Paris to a packed audience of diplomats and experts, the air of expectation was most eloquent. People had come to listen to the next president of France.

After a dramatic fall in the opinion poll showing of his chief rival, Mr Edouard Balladur, in the past few weeks, Mr Chirac holds centre stage. His position has been strenthened by the decisions of Mr Raymond Barre and Mr Valery Giscard d'Estaing not to run, which adds to his reservoir of support on the right. The Socialist candidate, Mr Lionel Jospin, whatever his integrity and seriousness, appears too much a representative of a nostalgic and anachronistic left to mount a serious challenge.

After leading for many weeks, Mr Balladur's fall from grace has been brutal. What has happened to justify it? Are we witnessing simply a temporary shift in public opinion that could swing back before the election? Or does this new twist signify the end of the story? Of course, Mr Chirac has not yet won: 40 per cent of the French are undecided about their voting intentions. But Edouard Balladour now faces a truly difficult struggle. The prime minister's sharp fall in the polls partly reflects the effect of recent scandals involving government ministers. More than that, however, it results from the interaction of three personal factors.

First, Mr Balladur's "essence" – his personality and style – suddenly looks a serious drawback. Second, at a time of turbulence and uncertainty for French society, he has made some faulty assessments of France's mood. Third, as the incumbent prime minister, he is blamed for the country's ills by many discontented voters.

First, the question of style: *"Le style c'est l'homme"* – and for many French people, Mr Balladur's is a handicap. All that has made the prime minister so popular with the British establishment – a man who dresses in Saville Row, many British think, cannot be all bad – make him an acceptable prime minister of France, but an impossibly aloof presidential candidate. His high bourgeois distance from the man in the street has been increased further by the delayed revelations of his personal wealth. Jacques Chirac's populist appeal makes him a person to whom ordinary working people can rally.

In his effort to win votes from the left, Mr Chirac may prove as successful as Mr Mitterrand in his drive to take votes from the centre

Beyond the issue of personality lies the second and more basic question of political strategy. For the Balladur camp, France is a country with an ageing population that needs to be steered through a period of international turmoil with the aid of prudent reforms destined to preserve harmony and consensus. Mr Balladur offers change, but on the margin: a conservative, incremental approach that dates back to his formative days in the prime minister's office during the upheavals of May 1968. But if Mr Balladur thinks that France in 1995 is the same as France in the late 1960s, he is making a mistake.

The fundamental difference relates particularly to young people. Those who took to the streets in May 1968 were rejecting an affluent society whose values they found distasteful. Unemployment was a marginal phenomenon, and Aids did not exist. The young people of 1995, by contrast, are much more worried, if not desperate, about their futures. They are not so much rejecting society; they cannot afford to do so. Rather, they believe that society is rejecting them.

Many French voters, particularly the young voters flocking to Mr Chirac's rallies, are looking for a charismatic saviour who can bring immediate change. And they believe, rightly or wrongly, Mr Chirac may be this man. Such people are much more attracted by Mr Chirac's radicalism, particularly his activist recipes for curbing unemployment (whatever their internal contradictions), than by Mr Balladur's prudent conservatism.

The third factor hampering Mr Balladur is his closeness to the reins of power. In a country where respect for the state is ingrained and immense, it was assumed that Mr Balladur's ability to incarnate the state would give him an automatic advantage over Mr Chirac, who incarnates only the Gaullist party. In fact, the opposite is proving to be the case, justifying Mr Chirac's strategic decision in 1993 not to become prime minister in the second phase of the right's "cohabitation" with President François Mitterrand.

With the president sick and ageing, Mr Balladur gives the impression of being in control, and that is precisely what counts against him. As in many other parts of the west, being in power in France today is an electoral handicap. Mr Chirac has added to Mr Balladur's difficulties through an astute ploy. By mounting a very direct effort to win votes from the left, Mr Chirac may prove to be as successful as Mr Mitterrand when he made his celebrated drive to take votes from the political centre in the second round of the 1988 presidential election.

Where does this leave France's European policies? The absence from the race of Jacques Delors and Valery Giscard d'Estaing, France's two most pro-European politicians, signifies that, in many ways, Europe too is absent from the debate. There is a vague pro-European consensus between Mr Chirac and Mr Balladur, but their support for the European cause is at best lukewarm, reflecting their own lack of enthusiasm and deep divergences within their respective camps. France now holds the six-monthly presidency of the European Union, and its influence on Europe's political fate, above all over economic and monetary union, will be decisive. Yet there is no serious debate on Europe, as if the pro-Europeans had decided they could lose too many votes by airing the subject.

Whoever wins, the result of the presidential election will probably reinforce the trend towards an intergovernmental Europe, away from a federal Europe. The new French government will still see Germany as its main partner in European co-operation. Ironically, however, the form of Europe France wishes to promote will probably be closer to the British view of the EU's future than to the federal objectives usually held by the Germans.

The author is deputy director of Paris-based Institut Français des Relations Internationales. He writes here in a personal capacity

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Ireland: memories reflect the long and the short view

From Dr Patrick McCloughan.

Sir, Just a brief appendage to Philip Stephens's excellent summary and assessment of recent developments in the Irish peace process ("St Patrick's day danger", March 17).

First, financial aid to the north and the six border counties of the south (three of which are part of Ulster) has been significant since the ceasefire. Today, politicians, economists, business leaders and others are taking very seriously the potential rewards of enhanced economic integration between the two parts of the island which, since partition in 1922, has been feeble.

Second, is history repeating itself? I refer of course to the rise and rise of Gerry Adams, the politician, and the parallel with a similar meteoric rise by Eamon De Valera in the 1920s. After partition, De Valera was little more than a republican terrorist, having lost out during the Irish civil war. But he persisted, travelling back and forth to the US, gaining support and raising funds, before founding Fianna Fail in 1926. In 1932, he became Taoiseach, for 16 years, before eventually becoming president for a number of terms. I wonder seriously whether what we are witnessing today, with Mr Adams, is *déjà vu*?

Patrick McCloughan,
department of economics and accounting,
University of Liverpool,
Liverpool L69 3BX, UK

From Mr Timothy Goodhue.

Sir, In reading Mr James Morgan's piece, "Britain and its US 'friend'" (March 18/19), which included thoughts on the recent visit of Mr Gerry Adams to Washington and Americans' perceptions of it in the context of relations with the UK, I thought the viewpoint to be unhelpful but understandable.

It is unhelpful in the sense that it generalises on the views of a minority of Americans to portray a large view of Britain. We live in a world where Americans are able to (and quite a number do) turn their cable TV channels to C-SPAN to observe prime minister's question time on a regular basis out of an interest in British affairs and institutions. On the other hand, many Americans simply have the idea that the difficulties in Northern Ireland are "all over now", and they have not paid much attention to recent events, one way or the other.

Where Mr Morgan's views are quite understandable is in the political area, of course, and there has been a number of commentaries of late and previously on the relationship between the US president and the UK prime minister, especially on the matter of the Irish peace process. Suffice it to say that, in the interests of our (Anglo-American) enduring "natural relationship", it may be best to remember the ties strengthened throughout the previous decade of the Falklands, end of the cold war, and Gulf war.

Memories seem to be short, perhaps on one side more than the other, but they have a habit of being revived in emergencies. It is understandable that no one likes to be taken for granted.

Timothy Goodhue,
40 Fourth St, #10,
Ansonia, CT 06401, US

Investment in Burma supports bad human rights record

From Mr Kenneth Roth.

Sir, "Magnet for business in Burma" (March 14) gives a favourable picture of the prospects for companies investing in Burma – a country where gross abuses of human rights are committed daily and with impunity.

Companies considering such a move will either directly or indirectly be supporting a military regime whose abysmal human rights record has just been condemned for the sixth year running at the United Nations Human Rights Commission in Geneva.

You report that, compared with Vietnam, Burma has a much greater appreciation of company law and the need for such laws. Indeed, the Burmese military is very fond of the "law", and frequently refers to it to justify the use of forced labour on infrastructural projects on a massive scale across the country.

Until the rule of law truly applies in Burma, and those guilty of pervasive human rights abuses are investigated and punished, Human Rights Watch strongly opposes any foreign investment there.

Kenneth Roth,
Human Rights Watch,
33 Islington High Street,
London N1 9LH, UK

Theatre rather than policy drives politics in Italy

From Mr Luca Salice.

Sir, In suggesting that Italy needs a stable government with a clear political mandate, Lex (March 17) repeats the classic mistake of English-speaking observers. Comfortable majorities in Italy lead to infighting, corruption and inaction. The Christian Democrats and their allies had a strong hold on power for decades and made a mess of it. The Berlusconi government enjoyed such a comfortable majority that it saw no reason to implement any policy.

It is widely accepted by the financial community that the only decent governments of recent times in Italy were those headed by Mr Amato and Mr Ciampi. Neither had a clear political mandate or a natural majority in parliament. The lack of a natural majority sharpened the government's mind. They were both helped by the fact that public attention was focused on anti-corruption investigations and constitutional reform, which fell outside the government's remit. Away from the limelights, the Amato and Ciampi governments were free to run the country's affairs.

Italian politics is not based on issues or policies; it is based on some kind of public theatre. Governments taking part in this theatre have little energy left to implement any policy. What Italy needs is some pseudo-political theatre to take the public's attention away from the government's actions. The coming referendum, one hopes, will have such a function. In the meantime, the present government's slim and highly unnatural majority bodes very well for the future.

Luca Salice,
8 Ascham Street,
London NW5 2PD, UK

Estonia's association status already agreed with EU

From Mr Clyde Kull.

Sir, The article on the future expansion of the European Union ("EU considers where to place welcome mat", March 16) unfortunately got some facts wrong as far as Estonia and the other two Baltic states are concerned.

The EU is not "planning negotiations for association agreements" with our countries, as we in fact concluded our negotiations for an EU-Estonia association agreement already on February 22. Furthermore, this agreement is the first association, or Europe, agreement not to include a transition period.

All previous Europe agreements signed between the EU and other central European countries included such periods to allow the respective country breathing space to bring its legislation and financial sectors into line with EU requirements.

In Estonia's case this was deemed not necessary due to Estonia's open-door policy on investments, land ownership and labour market access, and because of Estonia's developed legislative system.

We expect to sign the Europe agreement by the end of May and we will thereafter be included in the broad, structured dialogue of the associated countries with the EU, including the preparation of the white paper on the internal market and participation at the EU-associated countries' summit meeting in Cannes.

Therefore, to place the Baltic states under "other potential members" when the EU places us among the (to be) nine associated countries of central and eastern Europe paints a wrong picture of the actual situation.

Clyde Kull,
ambassador and head of mission,
Permanent Mission of the Republic of Estonia to the European Union,
Brussels,
Belgium

A feelgood benchmark

From Mr Edward Collier.

Sir, We have all been bombarded with speculation on the absence or otherwise of the feel-good factor.

Perhaps the time has come to curb the imagination of journalists and politicians and to create an index against which to judge how good we really should be feeling.

If any of your readers can suggest what goodies should be in the basket, we would be delighted to kick-off the UK Feel Good Index (the FG100?). Any ideas?

Edward Collier,
head of commercial and investment banking consulting,
Ernst & Young Management Consultants,
Becket House,
1 Lambeth Palace Road,
London SE1 7EU,
UK

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
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Stability in Europe

It is easy to be cynical about the "European stability pact" concluded yesterday in Paris between the EU and its future members in central and eastern Europe. It was first proposed by Mr Edouard Balladur nearly two years ago, and the timing of this week's conference is transparently related to the French presidential election.

Had all gone according to plan, the conference, by confirming Mr Balladur's reputation as a European statesman, would have marked one more step in his inexorable progress towards the presidency. That progress now looks anything but inexorable, and his need for an indisputable triumph is correspondingly more acute. But the gods have turned against him. Last Thursday talks broke down between Hungary and Romania on a bilateral treaty, whereby Hungary would reaffirm its acceptance of the present frontier in return for guaranteed rights and autonomy for Romania's ethnic Hungarian minority. This should have been a centrepiece of the stability pact.

Strictly, indeed, the word "pact" is a misnomer. Participants in the Paris conference have not signed a new treaty but endorsed a political declaration on good neighbourly relations, containing principles already enshrined in many previous agreements. Bilateral treaties between states are printed as annexes to this declaration but are not technically part of it.

The cynics' view

Beaucoup de bruit pour rien, the cynics will say. Some may even go further and say that Mr Balladur has made matters worse. In its original form his plan mentioned border disputes, which might have encouraged some people in central and eastern Europe to hope that borders inherited from one or other world war could still be rectified. Estonia, for instance, had claims on Russia, and Poland on Lithuania. Moreover, to link such questions with minority rights risked increasing the suspicion that national minorities – whether Hungarians in Romania and Slovakia or Russians in Estonia and Latvia – are pretexts for irredentist claims by neighbouring "kin states".

Yet the central idea was sound, and has proved its worth. The intense longing for EU membership, rightly or wrongly seen as the key to both prosperity and security by elites throughout central and eastern Europe, provides the EU with leverage to settle disputes and promote co-operation – much as the US used Marshall aid to promote co-operation among west European states after the second world war. In general the EU has neglected this advantage, preferring to deal with post-communist states on a "hub and spoke" basis, and has allowed competition for its favour to act as a factor of disintegration – notably in the former federal states of Czechoslovakia, Yugoslavia and the Soviet Union.

Credit deserved

Mr Balladur deserves credit for insisting that the EU use its leverage benignly, if belatedly. Although the two regional round tables that have been preparing this week's conference – one in central Europe, one in the Baltic – may seem modest and prosaic compare to the grand rhetoric of the original plan, they have nonetheless been very useful, in the view of most diplomats taking part in them. And the deadline of the conference has helped concentrate minds. EU pressure has helped wring concessions for Russian minorities from nationalist governments in the Baltic, and, at the last minute, for the Hungarian minority in Slovakia from the prickly Mr Vladimir Meciar. Even if Hungary and Romania in the end missed the deadline, everyone has been surprised by the progress made, and both governments have undertaken to continue the effort. The true deadline is the date, as yet unfixed, when EU membership talks with the states concerned begin.

Leverage has also worked in reverse to bring that date closer. By using EU membership as the carrot to coax central European states into concessions, Mr Balladur has put the union, and France in particular, in a position where it is much harder for them to refuse the reward once earned. They are fulfilling their part of the bargain. Even if, as now seems likely, he is not destined to rule France for the next seven years, Mr Balladur's two years as prime minister have provided an important impetus for the transition to a wider Europe.

A club worth rejoining

Clubs are often by their nature odd institutions, designed to cater to the idiosyncrasies of their members. Few clubs at first sight seem more incongruous than the Commonwealth. Some 50 countries, long ago linked under the British empire but now with apparently little in common other than the English language, continue an association that now seems an anachronism.

Yet to the surprise of its detractors, this anachronism not only survives, it expands. And every two years, around 40 Commonwealth leaders find it worth spending nearly a week in each other's company. Clearly the Commonwealth has something going for it. But what?

Part of the answer can be found in the motives behind South Africa's decision to rejoin the organisation last year, more than 30 years after effectively being expelled. That decision, sealed by the Queen's visit this week, was inspired by more than nostalgia.

Membership gives low-cost access to an international network of contacts spanning the continents, and embracing the North-South divide, providing a repository of counsel, experience, and technical assistance. The benefits have grown in a world that has fallen well short of the promised New Order. Hopes that the United Nations might play a more effective role in international affairs in the wake of the super power rapprochement have proved optimistic. Institutional weaknesses, lack of resources and the flagging commitment of key members have left the UN severely handicapped.

In the specifically African context, the Commonwealth remains a more useful force for reconciliation and peace than the Organisation of African Unity.

Important agenda

And while the Commonwealth's headline catching days of Rhodesian and South African diplomatic initiatives are over, the organisation quietly tackles an important agenda for all its members. These range from helping to monitor dubious financial institutions, to curbing the drug trade and pursuing causes as diverse as women in development, technical assistance programmes, and strengthening third world media.

It is these benefits as much as anything that encouraged Namibia to become a member. They also have Cameroon seeking entry – to be conditional on a better human rights record – and are the envy of Mozambique and Angola, which must make do with an informal, observer status.

Meanwhile from the perspective of Britain, the Commonwealth should be seen as becoming more useful, rather than less. The UK's diplomatic presence in Africa is steadily being reduced, yet the region presents the world with its most formidable development challenge, and some of its greatest recent tragedies, such as Somalia and Rwanda.

Cutting edge

For all its merits, however, the Commonwealth needs constantly to hone its cutting edge. The practical, day-to-day functioning of the Commonwealth can be strengthened through educational and technical assistance. There are few things that Britain could do which would more effectively serve this cause – and its own self-interest – than reversing the short-sighted decision to raise tuition costs for Commonwealth students.

At the same time, the Commonwealth's democratic principles must be reinforced. Four years ago, at the Harare summit, delegates implicitly acknowledged that the Commonwealth had become a single-issue lobby. It campaigned vigorously against apartheid, while tending to ignore the shortcomings of its own members.

There has been progress since then. Commonwealth monitors have, for example, helped ensure peaceful democratic elections in Zambia, Ghana and elsewhere. Yet erring members still seem able to act with relative impunity, as in the case of the military regimes in Nigeria and Sierra Leone.

The interests of all Commonwealth members will be best served if the organisation honours the principles reaffirmed in Harare: "fundamental political values: democracy, the rule of law, just and honest government and human rights." This alone makes the Commonwealth a club worth rejoining.

Risks of deciding to do nothing

Michael Prowse assesses whether the Fed has done enough to ensure a soft landing for the US economy

Imagine a European central banker confronted with the following economic data. The unemployment rate is 5.4 per cent, below the bank's own estimate of the non-inflationary jobless rate. Industrial capacity utilisation is at its highest level in 15 years. The current account deficit is ballooning. Core consumer prices are already rising at an annualised rate of about 4 per cent. A frothy stock market is hitting new highs almost daily. The exchange rate is falling like a stone.

It is hard to imagine German, French or even UK monetary officials hesitating to raise interest rates. Indeed their concern would be to avoid censure for having acted too late to cool the domestic economy and protect the currency. Why, then, does the US Federal Reserve appear unlikely to raise rates at its policy meeting next week? And why does Wall Street apparently agree that a "do nothing" stance is appropriate?

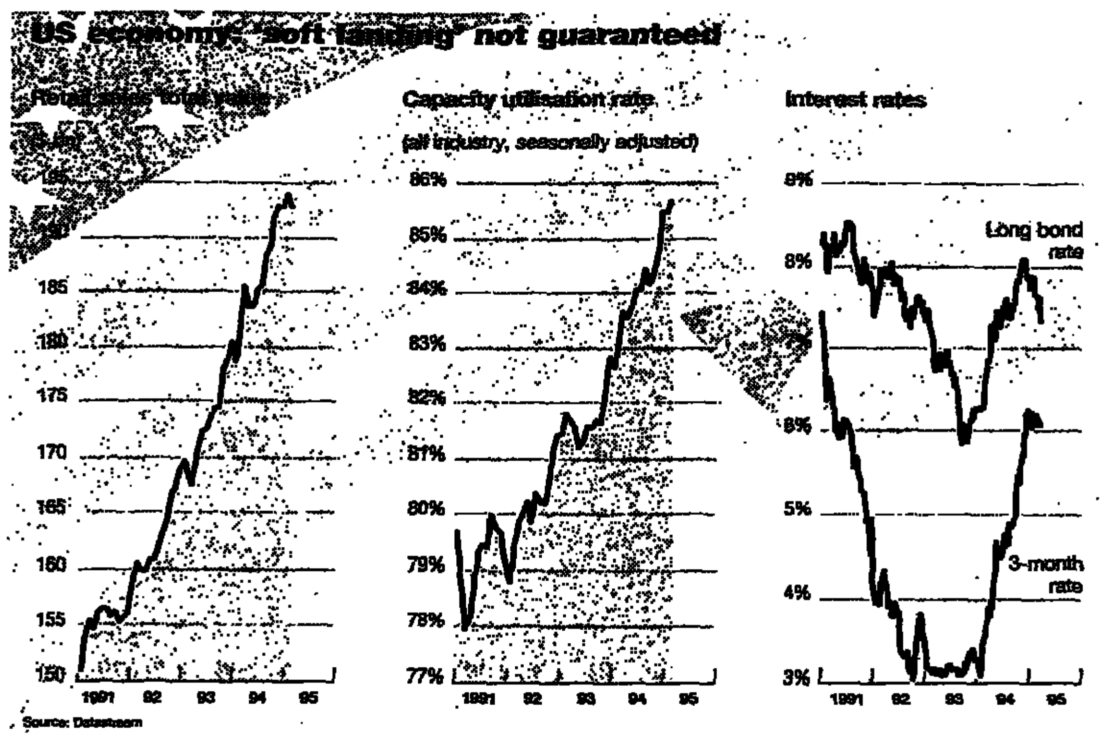
The explanation runs as follows. The Fed began to raise interest rates early last year to prevent rapid economic growth putting upward pressure on inflation. It did so even though inflation was not an immediate threat. By this February, it had doubled short-term rates to 6 per cent, a level that Fed officials reckoned would be sufficient to exert some drag on growth.

As if on cue, signs of moderating growth are multiplying, especially in interest rate-sensitive sectors such as cars, housing and consumer durables. Since much of the monetary tightening has occurred in the past few months, its full effect is not yet being felt. The rational course is thus to sit tight for a while.

Nobody disputes that the pace of economic growth has moderated since late last year. Reports last week of a fall in retail sales and housing starts in February were just the latest in a series of indicators signalling weaker demand growth. But the extent – and significance – of the deceleration is disputed.

Judging from the recent steep rise in share and bond prices, many investors believe a permanent adjustment to a slower pace of growth is occurring. The "soft landing" that everyone craves has arrived. Pressure on capacity constraints is going to ease rather than intensify. The Fed has already won its fight against inflation.

This Panglossian view was, perhaps inadvertently, given an official seal of approval by Mr Alan Greenspan, the Fed chairman, who hinted last month that he might be able to cut short-term rates later this year. He struck a more cautious note in later congressional testimony, but financial markets were not listening. In any case, Mr Greenspan's clarification was drowned out by a chorus of dovish comments from other governors and regional Fed presidents, none of whom seems to have the stomach for further rate increases.



Many shrewd economists, however, are not convinced that the Fed has done enough to reduce growth to a sustainable annual rate of 2.5 per cent. The fact that the economy has slowed proves nothing in itself, since the annualised growth rate of 4.6 per cent registered in the fourth quarter could not be maintained. Economies do not move in straight lines. In the four years since the end of the 1990-91 recession, the annual growth rate has risen steadily: from about 2.5 per cent to 4 per cent last year. But the more erratic quarterly changes form a "saw-tooth" pattern around this trend.

Last year, for example, consumer spending grew at an annualised real rate of 4.7 per cent in the first quarter, only to drop to 1.3 per cent in the second. This deceleration prompted Wall Street analysts to predict a softening of growth in the second half of the year. They were wrong. Economic growth accelerated, forcing the Fed to tighten policy more aggressively.

We may now be repeating that sequence. After growing at an annualised real rate of 5 per cent in the final quarter of last year, consumer spending seems set to grow by 2 per cent or less this quarter. But the pause may be setting the stage for another rebound in spending growth later this year.

"The economy looks pretty solid, especially the industrial sector," says Mr Bill Griggs of Griggs and Santow, the Wall Street firm of Fed-watchers, investment advisers. He expects the growth rate to decline this quarter, but only to an annual rate of 3.5 per cent, still well above the economy's long-run potential. He also expects the second quarter to be relatively strong, although some softening of production is likely in lagged response to slower sales this quarter.

The weaker spending data have to be seen in perspective. In the first two months of this year, payroll employment grew by nearly 500,000, in line with last year when 3m jobs were created. Industrial production grew at an annual rate of more than 6 per cent. And price pressures continued to mount – and not just at the level of crude and intermediate producer goods, where large monthly increases are now routine. Since the turn of the year, core consumer prices have risen at an annualised rate of 4.3 per cent.

It is revealing that economists based in the nation's prosperous industrial heartland are noticeably more worried about capacity constraints than those residing in coastal regions such as New York, where growth is more muted. The national jobless rate is 5.4 per cent. But in the mid-west, which is home to many US producers of capital goods, it has already dropped to 4.6 per cent. Capacity utilisation rates at many companies in the Chicago area are now about 95 per cent, well above the national average of 85.7 per cent which itself exceeds that attained during the "Reagan boom" of the 1980s.

The strains evident in the mid-west matter because this region is at the cutting edge of an economic expansion that has a strikingly different composition from that of the 1980s. The most dynamic sectors this time are capital investment and exports, not real estate and personal consumption. Business equipment spending increased by about 18 per cent in real terms in both 1993 and 1994. Growth of merchandise exports soared to about 14 per cent by the end of last year.

Both sectors are likely to remain vigorous despite the financial implosion in Mexico, which has a gross domestic product only 4 per cent of that in the US. American capital goods industries will benefit from the economic recovery under way in Europe and Japan and from the continuing depreciation of the super-competitive dollar – which is down about 15 per cent against the D-Mark and yen from its average levels in the past two years.

Financial markets seem convinced that the Fed has done enough to curb this powerful economic expansion. Those closest to the industrial action in the mid-west are less confident. "I'll bet that the present structure of rates is not enough to keep growth at the relatively low levels the Fed wants," says Mr Jim Annable, chief economist at the First National Bank of Chicago. Inflation will inevitably rise, he argues, because monetary policy is not tight enough to push up the jobless rate or push down the rate of capacity utilisation.

The Fed may have doubled short-term interest rates. But economists tend to forget they were reduced to the abnormally low level of 3 per cent to counter the "credit-crunch" of the early 1990s. Short rates of 6 per cent are not remotely demanding by historical standards. And the degree of monetary restraint is currently less than even the Fed intended because of the sharp fall in the dollar, the relaxation of bank lending standards and the recent decline in interest rates across the entire spectrum of bonds, from 30-year Treasuries to two-year notes.

Because the Fed believes it can fine-tune the domestic economy, it may delay further rate increases until the data show conclusively that consumer spending is picking up again. If growth remains subdued, the Fed will deserve applause for its canny reading of the business cycle. The risk, however, is that rates will eventually have to rise further than would have been the case had the Fed not opted to take an unearned spring break.

Three misconceptions about PowerGen

PERSONAL VIEW

PowerGen is frequently described as a "privatised utility". As our product – electricity – is essential to most aspects of modern life, I don't object to the label as such. But I do object strongly to all the associated baggage that in the UK has made "privatised utility" a term almost of abuse.

This is epitomised by present concerns over levels of executive pay. These have triggered an investigation by the House of Commons employment select committee to which I shall be giving evidence later today.

I want to nail the three misconceptions that confuse so much public comment about the company.

The first myth is that we are a monopoly facing little business risk. In fact, we face competition from at least 16 generating companies. As new entrants feed into the national grid, PowerGen's domestic market share will soon have fallen from around 33 per cent in 1989 to perhaps 22 per cent by 1997. As market share in the core business is squeezed, PowerGen has had to move into new markets both in the UK and overseas that are in themselves highly competitive.

The second misconception is that PowerGen's performance is not something which has been brought about by the management, but by the under-pricing of the shares at privatisation. Yet, Hanson, one of the most respected acquirers of companies in the land, is said to have decided that the price then sought by government was too high for the risks inherent in the business.

Since then, significant added value has come from successful risk management and the radical improvements in performance and productivity made by our staff and management.

Output per employee has increased by 70 per cent since 1990. Non-fuel costs per unit have been cut by 25 per cent in real terms in four years. I believe the company operates its new gas-fired plant more efficiently than any other electricity generator in the world. Our coal-fired plant is within 18 months of matching the best commercial practices. We have created a brand new company from a disparate group of people and power stations from within the Central Electricity Generating Board. Everything from the company's strategy and structure to its corporate image has been created from scratch.

Misconception number three is that only shareholders and senior management have benefited from privatisation. In fact, customers, the taxpayer and our own staff are also seeing substantial benefits. PowerGen has cut the cost of electricity generation to customers. Our franchise contract prices to the regional electricity companies, en route mainly to customers in the domestic market, have fallen by 21 per cent in real terms in four years.

We must win public confidence that pay is independently set and reflects the market rate

Average prices to our own industrial and commercial customers are some 18 per cent lower in real terms than the prices these customers were paying before privatisation.

We are concerned that there is one important group of customers which has not seen significant price reductions, a small number of very large manufacturing companies. This group has lost subsidies worth some £60m a year. We have long advocated proposals for reform that would both deepen competition and mitigate this loss of subsidy. We will continue to work for a solution, especially since many of these companies' overseas competitors have access to subsidised power.

We have also cut the environmental cost of electricity generation with our £1.3bn investment programme.

PowerGen's performance has contributed some £3bn to the taxpayer, as well as an ongoing annual tax contribution of some £100m-£150m a year.

Most significantly, more than 90 per cent of the company's workforce is sharing in its success through a company-wide share option scheme. Together our staff could become our second-largest shareholder within two years.

There is concern about executive pay in privatised companies. We must win public confidence that pay is independently set and reflects the market rate; that bonus incentives are directly related to short, medium and long-term performance; and that there is full public disclosure.

But comparing PowerGen to the monolithic, state-run CEGB of only eight years ago is inappropriate. Gone are the days when all significant decisions were taken by ministers or their officials. PowerGen is now one of the world's most efficient power companies operating in an electricity generation market that is probably the most competitive in the world. It is by that standard that PowerGen's performance should be judged.

Edmund Wallis

The author is chief executive of PowerGen, one of the main electricity generators in England and Wales

OBSERVER

Branching out at the UN

■ Spring was in the air at the United Nations yesterday, as the arrival of the equinox was marked by the ringing of the UN peace bell, Japan's principal contribution to the vast collection of artefacts donated to the UN.

At 9.14pm New York time, the exact moment of the equinox, the sculptress Edwina Sandys was scheduled to ring the bell. Sandys is a granddaughter of Winston Churchill, who with President Franklin Roosevelt was the principal architect of the now 50-year-old UN.

Sir David Hannay, Britain's ambassador, also planted a sapling from Robin Hood's Oak, the oldest tree in Nottingham's Sherwood Forest, probably dating back to the 12th century. Dwarfed by one of its near neighbours, an unappealing piece of neo-Stalinist sculpture presented by East Germany some years ago, let's hope it survives longer than another gift – thought to have come from Costa Rica, where the UN's peace university has its base – and which is now part of the great forest in the sky.

Mashing spirit

■ Emotions run high when it comes to $100m law suits, even if the subject is the apparently turgid one of over-the-counter securities trading. A press conference given by Nasdaq, the automated share dealing system, in New York yesterday was enlivened by a near fight between Joe Hardiman, Nasdaq's president, and a trader who is suing the quasi-exchange.

Sheldon Maschler, a well-known "small order bandit" at Datek Securities, attempted to ask questions using his presidency of a sports newspaper for his credentials. A stony-faced Hardiman refused to reply while Maschler threw accusations of collusion.

Eventually a Nasdaq aide offered physically to evict Maschler from the room. He received the classic fight-starting response from Maschler: "I'd like to see you try." Maschler, built like a fully-padded American football player, remained in the room for the rest of the meeting.

Diplomatic bag

■ It is hardly the first time that Hong Kong has been awash with rumours that Governor Chris Patten might want to cut short his time running the colony, and return to Britain.

At 50, he is still young enough to have a political future and he probably has more to contribute to the Conservative party these days than to Hong Kong in the final approach to the 1997 Chinese takeover.

The problem with these rumours is that, even if Patten did want to return early, his chances of getting a seat in parliament before the next election are next to nil given the current standing of the Conservative party in the polls. If he were to sit in the House of Lords as a foreign secretary, that would ruin his chances of ever being prime minister.

Even so, the question of what would happen if Patten were to fall under a Hong Kong tram has been exercising some diplomatic minds. One obvious replacement would be Sir John Boyd, Britain's ambassador to Japan. He has served in Peking and also done several stints in Hong Kong, including one as the governor's political adviser.

He comes up for retirement next January, which perhaps explains why his name has been linked to Patten's job. However, he has also been mentioned as a possible successor to Harvey McGregor, who retires next year as Warden of New College, Oxford. Clearly a bit of an all rounder.

Smutty past

■ There is a certain irony in Nelson Mandela's Order of Merit of which he, as a scrupulous student of history, must be aware. Just before the last royal visit to South Africa, in February 1947, another OM was handed down, to the then South African prime minister, Field Marshal Jan Smuts. As far as Observer can tell it was the last OM dished out to a South African until Mandela's this week.

Smuts got his gong largely for helping push a reluctant South Africa into the second world war; many Afrikaners at the time thought the country should be fighting against the UK. Not that Smuts was an advocate of equal rights between the races; he preferred a watered-down divide – segregation rather than full-blown apartheid. Smuts then went on to political oblivion in the 1948 general election.

One dines alone

■ This comes into the "why didn't we think of that?" category. With the kind of brass-neck not normally expected from a Norwegian advertising agency, the UK's Prince Charles and Princess Diana have been co-opted on to a promotion for quick, easy grub.

The Norwegian advertising agency Advice has developed a campaign featuring Charles and Di as role models for people who dine alone. The meals include a pasta dish and a beef stew. Posters show pictures of one or the other estranged royal pair with the slogan: "Dinner For One."

"We don't say they eat this kind of food. But if they did, they would survive," said Terje Oeveraas, the ad agency's managing director. Now literally, not just metaphorically, in the soup.

The Financial Times

100 years ago

Insurrection in Peru
The insurrection which has for long been troubling Peru is now to all appearances drawing to a climax, and the Government, according to the latest cables, seems to be getting the worst of it. If we can credit the telegram from Bariana, which comes to us via New York, the Government troops are besieged in Lima, and the telegraph wires have been cut around the capital. It has been the custom to regard the Peruvian rebels as little better than a set of bandits, whose proceedings are more harassing than dangerous to the Government. But this last announcement puts a very different complexion on matters.

50 years ago

Nazi credit system
With the front line getting ever nearer to their capital, it is perhaps to be expected that the German authorities should turn anxious eyes towards the immediate future of the monetary and credit system. There can be no doubt that the heavy air attacks on Berlin have provided the leaders of the system with a number of problems.

★

FINANCIAL TIMES

Tuesday March 21 1995

Clinton to join VE day celebrations in Russia

By Foreign Staff

US president Bill Clinton has *agreed to a summit meeting in* Moscow with Mr Boris Yeltsin, the Russian president, timed to coincide with Russia's celebration of the 50th anniversary of victory in Europe.

US officials announced the decision yesterday, ending weeks in which the White House had withheld its acceptance in part to *encourage Mr Yeltsin to give* more ground on issues such as Chechnya, the sale of Russian nuclear reactors to Iran and the expansion of Nato.

Mr Yeltsin agreed to limit the victory parade planned in Red Square on May 9 to war veterans, to spare Mr Clinton the embarrassment of reviewing a stream of military hardware at a time when the Russian army's repres*sion of the rebel Chechens is pro*voking criticism in Washington. The announcement comes at a time of widespread pessimism among Russian officials and *policymakers about the outlook* for US-Russian relations.

"All the easy things in US-Russian relations have been done, and if there is no real basis for a partnership, there is nothing that Clinton and Yeltsin can do to *change that," said a Russian* expert on ties with the US.

Russian officials say their pessimism reflects the poor outlook for the early fulfilment of exist*ing arms control agreements*, or the conclusion of new ones. Other problems include US objections to the transfer by Russia of militarily sensitive technology to *countries such* as Iran and India.

At the European Stability Conference in Paris, Mr Andrei Kozyrev, Russia's foreign minister, made it clear that Russia was not ready to give much ground on more substantial issues.

Mr Kozyrev took strong exception to what he called Nato's "rush" to expand east. He said Russia had played its part by pulling its troops out of Latvia and *Estonia and he* welcomed the stability pact which should help curb "Russian-bashing, which is just as bad as antisemitism". On Nato enlargement, however, he asked, "why rush things if we run the risk of creating new lines of division?".

He highlighted "the gap between Nato's very active moves to study potential enlargement and its passive attitude in developing this new model of comprehensive security" offered by the Organisation for Security and Co-operation in Europe. Mr Kozyrev is to discuss the issue later this week with his US counterpart, Mr Warren Christopher.

Reacting to *Mr* Kozyrev's strongly restated reservations, Mr Douglas Hogg, a UK foreign office minister, said he thought that while it was "possible to enlarge Nato in a way that is reassuring to the Russians ... this may take an extended period of time".

White House officials dismissed the *suggestion that on the heels* of last week's meeting between Mr Clinton and Mr Gerry Adams, the Sinn Féin leader, the decision to attend a VE day parade in *Moscow rather than London* was a further snub to Mr John Major, the British prime minister.

British officials said that their expectation all along had been *that the US would be represented* at the UK's VE day celebration by Mr Al Gore, the vice president.

Bosnian truce shattered as Moslem forces attack Serbs

By Laura Silber, Belgrade ***correspondent***

The 11-week ceasefire in Bosnia was shattered as Moslem forces launched an assault on Bosnian *Serb positions yesterday. The* Serbs responded by attacking Tuzla, the north-eastern Moslem stronghold, where dozens were feared wounded and dead.

Unconfirmed reports said 30 Moslem soldiers and civilians were killed in a mortar and artillery attack on the main Bosnian government army barracks, located in the centre of Tuzla. UN officials said at least 50 people were in the city's hospital, while explosions were repeatedly heard in the area.

Bosnian Serbs also claimed to have suffered heavy casualties after the mostly Moslem Bosnian *army launched a surprise attack* on Mt Majevica. Bosnian Serb forces said they would "use all possible means to stop the Moslem offensive", Serb radio reported.

The fighting, the heaviest since *the two sides began a four-month* truce in January, tailed off after midday with bad weather hampering the combatants, the UN reported. Lieutenant-Colonel *Gary Coward, a UN official, said*: "The weather is terrible and visibility is reported down to 100 metres because of snow."

The fighting made a mockery *of the truce, one of the most suc*cessful to date. UN officials held out little hope for shoring up the agreement.

Mr Chris Gunness, a UN official, said: "This is the most significant blow yet for the cessation-of-hostilities agreement."

The attacks follow weeks of warnings by both sides that they were preparing for further fighting when the ceasefire accord expired on May 1. International *efforts to achieve* a lasting settlement have so far failed to bring leaders any closer to political agreement.

Yesterday's fighting follows a gradual build-up of sniping and shelling incidents in Sarajevo, *the Bosnian capital*, which resulted in a clash on Sunday between the Serbs and UN peacekeepers after a mortar attack on a UN aircraft.

UN military observers said the latest clashes erupted after Bosnian government forces launched a three-pronged attack at dawn on strategic Serb positions, including *Mt Majevica*, near Tuzla.

"It was a substantial [government force] attack at 6am. It lasted for the first three hours of the day," a *UN official said*. The fighting followed UN reports of significant Bosnian government troop movement over the past three days.

In two offensives last year, the Bosnian army failed to capture the strategic Majevica heights, *the site of a crucial military com*munications relay station. Control of Mt Majevica would also endanger the Serb corridor across northern Bosnia, which joins Serb-held lands.

UK envoys criticised for failing to halt fraud

By John Kampfner, in London

Two successive UK ambassadors were *forced to* take early retirement for failing to uncover three years of profiteering by a diplomat in spite of 17 separate investigations, a House of Commons committee heard last night. The amounts involved totalled up to £700,000 ($1.1m).

Sir John Coles, head of the diplomatic service, told the public *accounts committee the British* embassy in Yemen had suffered from "appalling management".

The fraud focused on Mr Gerald Ryan, a second secretary, who *hanged himself* in December 1994 while on police bail.

The police report, completed last month, said prosecution of Mr Ryan would have been rec*ommended for theft, deception* and corruption.

Working with a locally engaged accountant, he is alleged to have received kickbacks *from contractors* who provided inflated prices for construction projects; to have manipulated the exchange rate to his advantage for embassy *expenditure*; and to have handed British entry visas gratis as favours.

"This is a most serious case. There are a number of irregularities *the likes of which we rarely* see," said Mr Robert Sheldon, the committee chairman.

"The whole service is shocked by this." Sir John said.

Sir John estimated the "potential of profiteering" at £600,000-£700,000.

Committee members expressed concern over the apparently acci*dental discovery of the more* important cases.

They also criticised the foreign office for not sacking the first ambassador concerned, Mr Mark *Marshall*, who presided over the post from 1988 until 1994.

In spite of numerous visits from auditors and other departments, he advised the Foreign Office there was nothing wrong.

Mr Marshal was forced to take retirement four years early but *Sir John acknowledged he had* been given an enhanced pension.

The man sent out to clean up the embassy, Mr Douglas Gordon, was also given early retire*ment after only a year in Yemen*.

THE LEX COLUMN

Italy's mobile logic

Financial logic has triumphed over *industrial logic at Telecom Italia*. The plan to demerge its mobile phone subsidiary may create short-term gains for shareholders, including its largest investor, Stet. That would suit the Italian government in its drive to sell its remaining Stet stake for a high price. But the demerger makes no industrial sense, given the worldwide trend to integrate fixed and mobile communications.

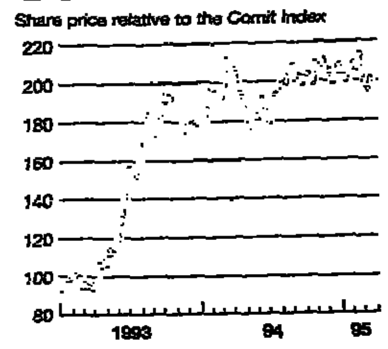
The financial engineers argue that international investors will be attracted by the "pure play" in mobile telecoms that Telecom Italia Mobile will represent. Some no doubt will view it as the Italian equivalent of Britain's Vodafone. But, with Stet continuing to control Telecom Italia Mobile, it will be bid-proof and so suf*fer a discount. Moreover, investors* may sell out of the Telecom Italia rump, dragging down its share price.

The Italians have been overimpressed by Pacific Telesis, the US *phone group which successfully* demerged its Airtouch cellular operation a year ago. But that does not prove that fixed and mobile communications should be split. Only last week Pactel paid $696m for a new set of mobile licences in California. Unfortunately, the rump Telecom Italia will not be able to buy a new set of licences. Even if they were available, competition considerations would presumably stand in the way so long as Stet controls both the rump and the new mobile arm. If Stet was really keen to maximise shareholder value, it would break up itself rather than Telecom Italia.

FT-SE Eurotrack 200:
1357.6 (+15.7)

Telecom Italia

Share price relative to the Comit Index



Source: Datastream

Corporate governance

The lack of strong French pension funds means that the country must woo foreigners for capital. So far, the Paris bourse's attempts to attract non-French investment has proved moder*ately successful: in the past* decade the proportion of shares held by foreign investors has increased from 9 per cent to 35 per cent. But further progress is being impeded by France's *relaxed attitudes to corporate gover*nance. French companies are probably no worse than their counterparts in many other European countries in paying attention to shareholders' *needs*. But they need to do more *if* they are to continue to attract foreign, and especially US, investment.

Two areas, in particular, need improvement. First, French groups must clean up their financial communications: too often profit warnings are leaked to the local press to the disadvantage of international investors. The proper place for such infor*mation to be published* is the Paris stock exchange. Second, the role of non-executive directors must be strengthened and the pool from which they are recruited widened. That *should help reduce the possibility* of executives leading companies into misguided activities – a problem rammed home by Crédit Lyonnais' plight. Stronger, more independent *boards would also remind* French bosses that their groups belong to shareholders, not management. A committee of industrialists will meet this Thursday to discuss such issues. *There is a heavy onus on them.*

Restructuring

After two years and over £40m in *advisory* fees, Queens Moat Houses looks set to rise from the dead. The length of time and the costs required to rebuild the hotel group has shown up substantial flaws in the UK system *for corporate restructurings. Change* is needed before the next recession brings in another queue of walking wounded.

Of course, Queens Moat was unusu*ally complex. But it has demonstrated* the inadequacy of the so-called London approach. This creates a uniform front among banks and encourages a supportive stance towards the company. But *secondary* trading of bank debt means an ever-changing line-up of creditors. One debt trader can now hold a deal to ransom.

At present, UK companies have little choice between lengthy restructurings *and liquidation*. And shareholders are advised by a pack of professionals whose commercial interest is *in feeding* on the corporate carcass for as long as possible. One option would be to move towards *the US system* of Chapter 11 protection, which would help balance the diverse interests of creditors *and shareholders*. Another imaginative approach, advocated by some economists, would be for senior creditors to receive all the equity in an insolvent company, but for unsecured creditors *and shareholders* to have options to buy back the shares so enabling them to participate in any recovery. Certainly, it ought to be possible to improve on the current long-drawn out *and thus expensive agonies*.

Goodwill

Bunzl broke new ground yesterday when it *wrote off* a large chunk of goodwill (which arises when one company buys another for more than the book value of its net assets). Most unusually, the £85m goodwill was written *off not* against the balance sheet or reserves, as is typical in the UK, but against pre-tax profits. As a result, it reported a pre-tax loss of £5m for 1994, compared with a £56m profit in 1993.

The write-off was doubly unusual in that some £50m of the total arose as a result of a review of the acquisitions which gave rise to the goodwill in the *first place. Here, Bunzl is anticipating* the Accounting Standards Board. The ASB is likely to recommend later this year that goodwill should be carried on the balance sheet and be written off against *profits if* and *when* the value of that goodwill suffers permanent impairment. In coming to the £50m figure, Bunzl has conducted precisely such a test for impairment, examining the cash flows from its past acquisitions to establish whether the goodwill figure attributed to them is *appropriate*.

If the ASB's proposals evolve into accounting rules, many more companies will implement such a review. This is no bad thing, in that it helps *concentrate the management's mind* on the value locked up in goodwill numbers. Moreover, finance directors worried about writing goodwill off against profits should note that *Bunzl's write-off was yesterday* ignored by the market, and rightly so as it has no impact on cash-flow.

See additional Lex comment on Argos, Page 22

Suard cites 'conspiracy' and attacks legal system

Continued from Page 1

examining magistrates were supposed to carry out inquiries confi*dentially, so "if the magistrate* makes an error it does not matter". Instead, he said, "partial" elements of his discussions with magistrates and the police had appeared in the press.

His comments came as the Professional Association of Magistrates wrote yesterday to the French broadcasting regulator, complaining about television programmes – including one on which Mr Suard appeared – which *allowed those* under investigation to express their views "in the absence of any serious contradiction and with total impunity". They claimed this could destabilise judicial institutions.

Mr Suard repeated his claims that the investigations were the result of a "conspiracy" against the Alcatel group conducted by a foreign competitor. He said he had sent a dossier backing his claims to the French police just before Christmas.

Mr Suard expressed frustration at not being able to work, and said the judicial process had affected the morale of his family but insisted that "I am tenacious, I come from the mountains".

He repeated that Alcatel might move its headquarters out of France, which he said could be done within several months. He said the company's legal head office was in *Holland, and it still* had a presence in Brussels, where it was based until it *moved to Paris in 1988*.

"This is not a threat, [it would be done] simply as a decision of good management in the interests of everyone at Alcatel," he said.

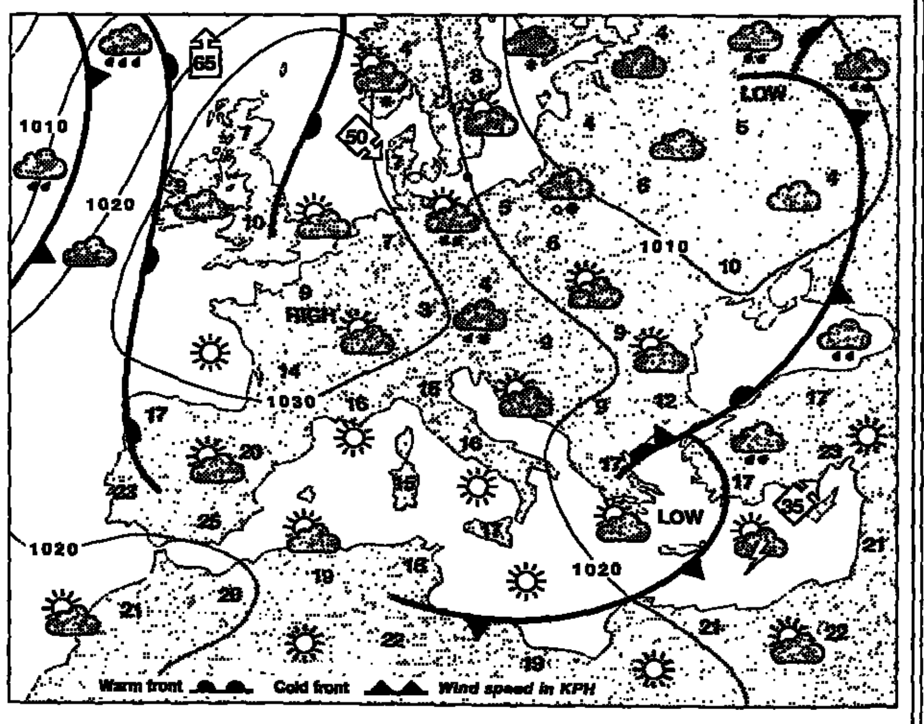
FT WEATHER GUIDE

Europe today

A zone of high pressure over *East Anglia* will bring more settled conditions to the UK, Benelux and France. There will be sunny spells, *and in southern France abundant sunshine.* Cold, moist air from the Atlantic will penetrate Ireland and Scotland, bringing more cloud. Western Scotland will have light rain during the afternoon. Spain and Portugal will have plenty *of sunshine. Germany and Poland will have* sunshine and wintry showers, while the Alps will have snow. Italy will be sunny, but in the south scattered showers will fall. Greece and western Turkey will have infrequent showers. *Conditions in Scandinavia will be unsettled with* rain and snow in Norway and wintry showers in Finland.

Five-day forecast

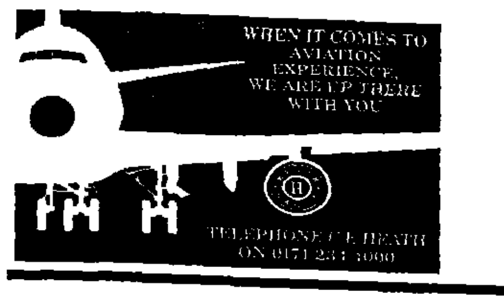
The zone of high pressure will flow eastward and will mean dry and sunny days for much of *the continent. Conditions in Scandinavia will* remain unsettled. In Norway, heavy rain and snow is forecast. Wet conditions will progress slowly eastward, affecting Sweden and Finland later. Unsettled conditions with thunder *showers will affect the eastern Mediterranean.* Conditions in the UK will become less settled. Spain will remain sunny.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	sun	16	Caracas	thund	30	Faro	sun	20	Madrid	sun	20	Rangoon	sun	35
	Celsius		Belfast	cloudy	9	Cardiff	fair	9	Frankfurt	fair	7	Majorca	sun	19	Reykjavik	rain	8
Abu Dhabi	fair	30	Belgrade	fair	10	Casablanca	fair	22	Geneva	fair	8	Malta	fair	18	Rio	fair	30
Accra	shower	31	Berlin	hail	7	Chicago	fair	12	Gibraltar	sun	17	Manchester	fair	9	Rome	sun	15
Algiers	fair	19	Bermuda	fair	20	Cologne	shower	7	Glasgow	cloudy	8	Manila	fair	32	S. Frsco	rain	12
Amsterdam	fair	8	Bogota	fair	21	Dakar	fair	24	Hamburg	hail	7	Melbourne	sun	22	Seoul	shower	15
Athens	fair	18	Bombay	sun	32	Dallas	sun	28	Helsinki	hail	1	Mexico City	sun	24	Singapore	shower	33
Atlanta	sun	21	Brussels	fair	8	Delhi	fair	34	Hong Kong	fair	20	Miami	fair	28	Stockholm	fair	3
B. Aires	shower	28	Budapest	fair	9	Dubai	fair	31	Honolulu	fair	28	Milan	sun	17	Strasbourg	fair	8
B.ham	fair	9	C.hagen	shower	7	Dublin	fair	10	Istanbul	rain	11	Montreal	rain	8	Sydney	fair	26
Bangkok	fair	35	Cairo	fair	24	Dubrovnik	sun	13	Jakarta	shower	31	Moscow	cloudy	7	Tangier	fair	21
Barcelona	sun	16	Cape Town	sun	25	Edinburgh	fair	8	Jersey	fair	10	Munich	sleet	3	Tel Aviv	sun	23
									Karachi	sun	33	Nairobi	fair	26	Tokyo	shower	14
									Kuwait	shower	23	Naples	sun	14	Toronto	shower	9
									L. Angeles	shower	17	Nassau	fair	27	Vancouver	rain	9
									Las Palmas	fair	24	New York	rain	14	Venice	fair	13
									Lima	cloudy	28	Nice	sun	16	Vienna	shower	7
									Lisbon	fair	22	Nicosia	thund	19	Warsaw	hail	6
									London	fair	10	Oslo	fair	7	Washington	shower	17
									Lux.bourg	fair	7	Paris	fair	10	Wellington	fair	20
									Lyon	sun	9	Perth	sun	35	Winnipeg	cloudy	8
									Madeira	fair	20	Prague	shower	3	Zurich	sleet	6



FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday March 21 1995

IN BRIEF

Crédit Lyonnais shares suffer

Crédit Lyonnais' non-voting shares fell sharply yesterday, the first day of trading since the loss-making state-controlled bank unveiled its restructuring plan. Two leading credit rating agencies also expressed concern about the bank. Page 18

Alcatel Cable sells US interests
Alcatel Cable, a subsidiary of the French industrial group, yesterday announced the sale of its copper wire manufacturing operations in the US to Alpine, a US-quoted industrial group, for $100m. Page 18

Buffett seeks backing for takeovers
Mr Warren Buffett, the US investment guru who last week said he had written off much of his investment in USAir, is seeking power from his shareholders to issue a new class of stock to back his takeovers. Page 20

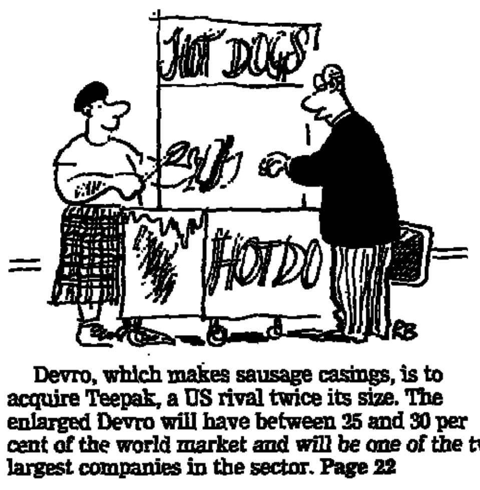
Microsoft co-founder invests in film studio
Mr Paul Allen, the software billionaire who co-founded Microsoft with Mr Bill Gates, is to invest about $500m in DreamWorks SKG, the new Hollywood film studio being formed by Mr Steven Spielberg, Mr Jeffrey Katzenberg and Mr David Geffen. Page 20

Mexican companies seek to refinance debt
Analysts of Mexican companies estimate as much as half the $1.5bn in private foreign debt due in 1995 will not be repaid unless it can be refinanced. Page 20

Bombay's closure shows up shortcomings
The grinding to a halt of the whole Bombay market following the collapse of a broker with gross debts of some Rs200m ($6.4m) is a telling example of how unsophisticated equity trading remains there. Page 21

Lucas more than doubles
Lucas Industries, the UK automotive and aerospace components manufacturer, more than doubled pre-tax profits for the six months to January 31, and earned enough to pay its first fully covered dividend since 1990. Page 22

Devro acquisition in the pan



Devro, which makes sausage casings, is to acquire Teepak, a US rival twice its size. The enlarged Devro will have between 25 and 30 per cent of the world market and will be one of the two largest companies in the sector. Page 22

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Chief price changes yesterday

FRANKFURT (DM)				AXA	248.6	+	7.2
Falls				Essilor Int	780	+	25
AG Ind Verk	477	–	11.5	Taittinger	2400	+	100
Beiersdorf	968	–	12	**Falls**			
DKAG Col Pr	730	–	15	Cred Lyon	236.8	–	26.2
PWA	246	–	6.5	Geophysique	275.1	–	10.9
SAP AG	1237	–	33	**TOKYO (Yen)**			
Wella	950	–	24	**Rises**			
NEW YORK ($)				Dai Nip Ink	425	+	19
Rises				Fuji F&M	510	+	15
Circus Circs	28¼	+	2¾	**Falls**			
Philip Morris	65⅝	+	1⅝	Central Fin	359	–	13
Texas Inst	68⅝	+	1⅜	Minebea	570	–	16
Falls				NGK Instrs	823	–	34
Inland Steel	25	–	1	Tokai Bank	928	–	37
Nucor	52⅞	–	1¼	**HONG KONG (HK$)**			
USX	30⅜	–	1¼	**Rises**			
LONDON (Pence)				HKR Int	7.1	+	0.25
Rises				Hysan Dev	17.2	+	0.85
Argos	376	+	19	Kumagai Gumi	5.45	+	0.4
Doeflex	158	+	18	**Falls**			
Sherwood Com	130	+	15	Lafe Int	2.05	–	0.1
TT Group	237	+	9	Nat Mutual	5.0	–	0.25
Trinity Int	355	+	12	Pac Andes	0.85	–	0.15
Falls				**BANGKOK (Baht)**			
Sorin Group	6	–	2	**Rises**			
TORONTO (C$)				Lanna Lig	174	+	11.0
Rises				Nth Star	115	+	10.0
Algoma Steel	9¼	+	1¼	Siam Gen Fac	55.5	+	4.0
Astral Com B	18¾	+	1	**Falls**			
Exon Tech	13¾	+	¼	Jack Chai	39	–	3.0
Falls				Sunwood Inds	39.3	–	3.75
Bovar	20	–	¼	TS Life	60.0	–	5.0
Diamond Flds	21½	–	1¼				
Dresco En A	14	–	¼				
PARIS (FFr)							
Rises							
Accor	649	+	9				

New York and Toronto prices at 12.30pm.

Alcan plans disposal of UK assets

Montreal-based aluminium group seeking single buyer for 12 businesses valued at about £200m

By Bernard Simon in Toronto and Kenneth Gooding in London

Alcan, Canada's international aluminium group, hopes to sell to one buyer about half its UK operations as a package. It includes all British Alcan's 12 "downstream" businesses with combined sales of more than £400m (US$635m) and 4,200 employees.

Lazard Brothers, the UK merchant bank, has been called in to negotiate with potential buyers. No hint has been given about the possible price, but analysts suggest the book value of the assets for sale is about £200m.

A Lazard official suggested the sale would take several months because of the complexity of the operations. Alcan's intentions had been revealed early so that employees could be kept fully informed. The package was likely to be of interest to diversified industrial companies, the official added.

The 12 British Alcan businesses for sale trade from 35 locations in the UK, seven in the US and one in Ireland. Products include household foil, aluminium high-pressure gas cylinders, aluminium extrusions and tubes, and strong-alloy aluminium plate.

The UK sale is part of a sweeping restructuring which Alcan began in late 1993 with the aim of creating – in the words of its latest annual report – "a simpler, more focused company with strong market positions".

The Montreal-based group is to concentrate on mining, refining and smelting, as well as rolled aluminium products worldwide, especially for the beverage and automotive industries.

Other operations are being examined on a case-by-case basis to determine whether they fit this core business.

Assets already sold include a 73.3 per cent shareholding in Alcan Australia for US$245m, and the North American building products operations for an estimated $120m. Three UK companies were disposed of last year.

After the sale, British Alcan will be left with three "core" businesses – three aluminium smelters with power facilities, two sheet rolling operations, two foil rolling facilities and an aluminium chemicals refinery – employing 2,800 and generating turnover of £450m.

The UK deal may have an unsettling affect on employees in other countries where Alcan has substantial downstream operations, including France, Germany, Italy and Switzerland. The group is evaluating all these operations but they will not necessarily be sold.

Nasdaq investors offered new deal

By Maggie Urry in New York

The US National Association of Securities Dealers, which operates the Nasdaq automated over-the-counter share trading system, yesterday announced new rules intended to help investors deal at better prices.

The proposal is a second attempt to improve the situation of Nasdaq investors following criticism that dealing costs are too high.

Nasdaq is being investigated by the Securities and Exchange Commission and the Justice Department over allegations that traders collude on prices to the disadvantage of investors.

Mr Joseph Hardiman, president of NASD, said the move was not a response to the investigations but an important step in the "continuing evolution" of the Nasdaq market.

The rules would cut traders' transaction margins, as deals could be done inside the bid and offer prices displayed on market-makers' screens.

Mr Hardiman said he believed the new system – called Aqcess – would "attract more investor order flow, more than offsetting" the lower margins.

A start date of December 1 has been set for Aqcess if it obtains approval from the SEC and the technology can be sorted out in time.

However, a proposal by NASD called N-Prove with a similar aim was, in effect, turned down by the SEC earlier this year. That proposal envisioned an electronic order matching system for trades of 1,000 shares or less. The SEC said the system could have made it harder, not easier, for investors to get guaranteed execution at market prices.

Under the Aqcess system "limit orders" – where the investor specifies a price at which he wishes to trade – for 3,000 shares or less, and at a price between the bid and offer spread, would be electronically matched with other orders. This would give investors a better price than if they trade at the market price.

More important, Nasdaq members would be forbidden from dealing at a better price than a limit order in Aqcess.

With the average share on Nasdaq trading at a price of around $20, the system would cover reasonably large transactions. Nasdaq estimates that 95 per cent of transactions on the market are for 2,000 shares or less.

Observer, Page 15

Richard Tomkins reports on forthcoming changes at the top of Procter & Gamble

Heirs apparently as different as chalk and cheese

Two heads are better than one, say some. The adage is about to be put to the test at Procter & Gamble, the US consumer products giant that makes Tide laundry detergent, Crest toothpaste and Pampers nappies.

Last week the company settled the question of who would succeed the abrasive Mr Edwin Artzt, chairman and chief executive for the last five years, by dividing power between two very different candidates for the job.

On the face of it, victory went to Mr John Pepper, the 56-year-old head of Procter & Gamble's international business. A popular figure within the company with a reputation as a team player and consensus builder, he was given the job of chairman and chief executive.

But the board also created a post for the Dutch-born Mr Durk Jager, 51-year-old head of Procter & Gamble's US business. Tough, autocratic, and a former protégé of Mr Artzt, Mr Jager was named chief operating officer and given day-to-day control of the group.

When the two take up their positions on Mr Artzt's retirement in July they will have a hard act to follow. Having spent all his working life with Procter & Gamble, Mr Artzt capped his career with an eventful five years at the top.

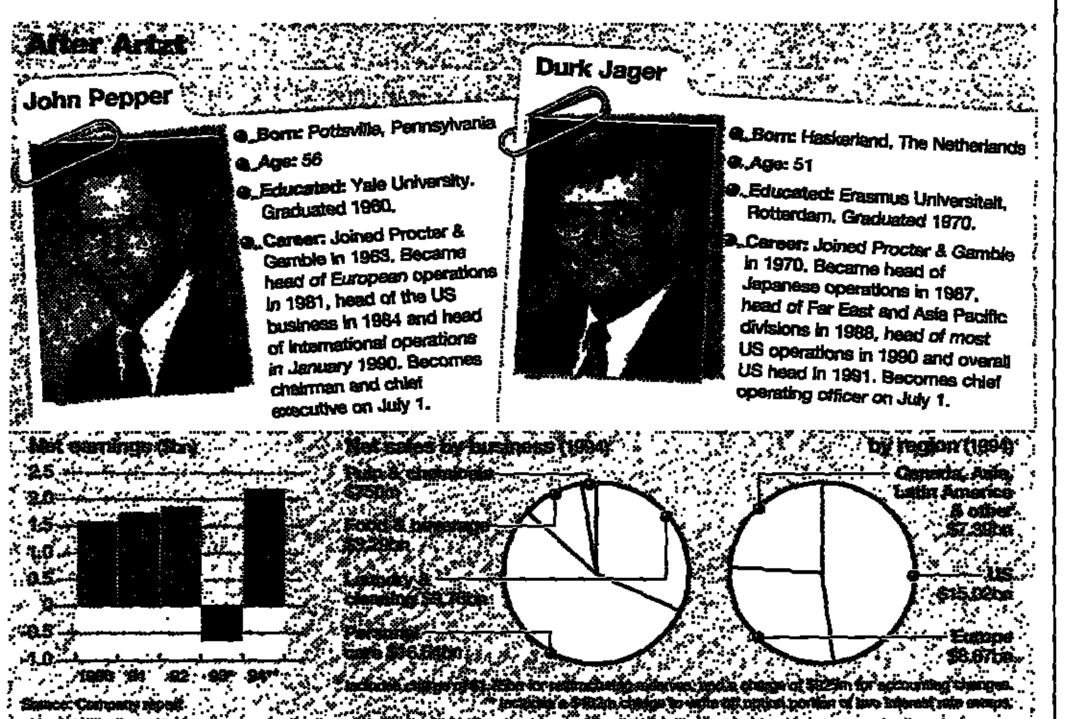
On taking over as chairman and chief executive in 1990, Mr Artzt was confronted with a trend among consumers to switch away from the sort of premium branded goods on which Procter & Gamble's prosperity depended. In the search for better value, shoppers were turning to cheaper products or private-label goods.

In 1991 Procter & Gamble responded with a strategy called everyday low pricing, cutting promotional spending on money-off coupons and other special offers in favour of permanently lower prices for the company's branded products.

The strategy worked: Procter & Gamble's market share held up. But in 1993, sandwiched between the continuing downward pressure on prices and the need to keep profits moving up, Procter & Gamble announced plans to close 30 plants and shed 13,000 jobs, or 12 per cent of the worldwide workforce – this in a company with a tradition of lifetime employment.

Moves like that gave Mr Artzt a reputation for ruthlessness. So did Procter & Gamble's aggressive, and ultimately successful, attack on Unilever's Omo Power, the laundry detergent launched in the European market last year, and known as Persil Power in the UK.

If one item marred Mr Artzt's record, it was the $102m charge to net profits that Procter & Gamble had to take in April last year because of an ill-fated foray into derivatives. Yet Mr Artzt can look back on five years during which net profits grew at an average annual rate of 17 per cent, excluding a $1.75bn charge for the 1993 restructuring – not bad considering the highly competitive conditions in its markets.



Can his successors keep up the momentum? In spite of the recent profits record, analysts say not everything is rosy in the Procter & Gamble garden.

The biggest source of concern is the disposable nappies business, which accounts for 15 per cent of group sales. Ms Lynne Hyman, an analyst at CS First Boston, says Procter & Gamble has been doing a good job in defending its European nappy business from an assault by Kimberly-Clark, the US paper and tissue company: but in the US, it has been losing market share to private label and lower-priced brands.

"They really have not been sufficiently innovative," Ms Hyman says. "They have been falling behind and they are trying to play catch-up. They don't have a lot to play with and so they have been cutting prices, and that's never a particularly good strategy when you have leadership qualities like Procter's."

Mr Terry Bivens, an analyst at Argus Research, says Procter & Gamble's toiletries and cosmetics business is also weak. "It is a business that has not been regarded as P&G's forte, but they appear to be committed to it so I imagine a fair amount of management time will go on that."

There is speculation that Procter & Gamble could resign itself to selling the rest of its food division, comprising Folgers coffee and Pringles potato crisps, following the disposal of its Citrus Hill juice business in 1992. "P&G has never been a particularly good food company," Mr Bivens says.

Even so, analysts are optimistic. Procter & Gamble has still only reaped a third of the gains expected to flow from the restructuring begun in 1993, they point out, and the group has excellent opportunities for international expansion.

The change in management seems to have done little to upset this view. Mr Pepper is seen as a force for good because he will help heal the wounds caused by the restructuring, while the presence of Mr Jager is taken as an assurance that tough decisions will still be made.

Perhaps Mr Pepper and Mr Jager are as different as chalk and cheese: but at noon yesterday, Procter & Gamble's share price had risen by $2 to $69¼ since their appointments were announced – a vote of confidence in the belief that, somehow, they will work things out.

Profits advance to FFr1.46bn as St Louis awaits president

By David Buchan in Paris

The St Louis paper, sugar and food group yesterday announced a sharp rise in net profits from FFr717m in 1993 to FFr1.46bn ($295m) and indicated that any major change in group strategy would await nomination of a successor to the late Mr Bernard Dumon, killed in an aviation accident in January.

Mr Nicholas Clive Worms, the group's interim president, quelled recent speculation about an imminent break-up of the miscellaneous empire built up by Mr Dumon. "Whatever observers may say," he stressed, "St Louis is not a seller of its shares in Arjo Wiggins Appleton," the specialised paper company in which it has a 40 per cent stake.

He also discounted the idea that St Louis might buy into Eridania Béghin-Say (EBS), the French sugar and foodstuffs subsidiary of Montedison of Italy, a possibility raised recently by Mr Umberto Agnelli, president of Ifil. The latter holding company, owned by the Agnelli family, shares control of St Louis with the Worms group.

Mr Worms suggested that what Mr Agnelli had meant was that any change in the oligarchic European sugar industry was of key interest to other companies in the sector, but he added that St Louis took at face value Montedison's refusal to cede control of EBS.

Setting aside an exceptional FFr600m capital gain resulting from last year's creation of the Panzalim food joint venture with Danone, St Louis' current net profit rose last year by 34 per cent to FFr940m. The biggest contributor to this came from the increase in profits from Arjo Wiggins Appleton from FFr284m in 1993 to FFr516m last year.

In spite of its culinary origins, St Louis has had difficulty in moving successfully into the mass food market, though it reported that its small mushroom subsidiary, Royal Champignons, had crawled into a FFr10m profit last year. Mr Worms indicated that since St Louis' strategy was to take majority stakes where possible, it would probably would exercise its option to sell its 34 per cent stake in Panzalim to Danone, but said that decision would not be taken until 1996.

This would add to St Louis' considerable war chest for possible acquisitions, which Mr Worms said could be used to branch out in a new sector.

Telecom Italia to sell mobile arm

By Andrew Hill in Milan

Telecom Italia, Italy's state-controlled telephone company, plans to demerge its profitable mobile telephone operations in July, in what it described as "the last important step" in the restructuring of the Italian telecoms sector.

The government believes Telecom Italia Mobile must be demerged before the long-awaited sale of its majority stake in Stet, Telecom Italia's parent company.

Telecom Italia also announced a strong increase in net profit to L1,450bn ($837m) for 1994. In 1993, the five state-controlled operating companies which now make up Telecom Italia reported a combined net profit of L1,025bn.

About 62 per cent of Telecom Italia, which was formed from last year's merger of the five companies, is controlled by Stet, the quoted holding company. Mr Michele Tedeschi, chairman of IRI, the state holding company which owns the majority stake in Stet, said last month that privatisation would take place only after the demerger of the mobile telephone operations and the listing of Stet's shares in New York.

Telecom Italia Mobile will be launched with net equity of L700bn, and net debt of L1,010bn. Telecom Italia shareholders, including Stet, will receive one new Telecom Italia Mobile share for each existing share already held.

The group attributed last year's improvement in profit to management synergies following last year's merger. The Telecom Italia board has recommended a dividend of L105 for each ordinary share, and L125 per savings share, the first payout since the new company's shares were listed last summer.

Telecom Italia said turnover had increased to L29,100bn in 1994, against L26,797bn in the pro forma results for 1993. Net debt was cut to L18,543bn, from L20,824bn.

The exact form of the sale of Stet shares still has to be decided. Within the last month, two rival groups of Italian banks have suggested buying the entire holding from IRI and selling it on to the market and to a hard core of shareholders. The government must decide whether to use this method, or to select global co-ordinators for a more conventional public offer of shares.

Lex, Page 16

Restructuring plan hits Crédit Lyonnais shares

By Andrew Jack in Paris

Crédit Lyonnais' non-voting shares fell sharply yesterday, the first day of trading since the loss-making state-controlled bank unveiled its wide-ranging restructuring.

Two leading credit rating agencies also expressed concern about the bank, as investors and analysts began to scrutinise details of the rescue package and the reciprocal financial conditions imposed by the French state on the bank.

The developments have raised doubts among investors and analysts on the growth prospects of the bank. There is concern for the tight conditions imposed by the French state.

Mr Edmond Alphandéry, the French economy minister, released details of the restructuring on Friday afternoon. Under the plan, Crédit Lyonnais will be allowed to remove FFr135bn ($27.2bn) in net assets from its balance sheet and repay any losses it generates over a maximum of the next 20 years.

The bank, in exchange, will be required to provide substantial dividends to a state-backed intermediary financing vehicle, which will also ultimately gain from proceeds of the privatisation of the bank.

Standard & Poor's said yesterday it had placed under surveillance "with negative implications" the bank's long-term notes at A- and short-term at A-2. It said its concerns included the absence of new capital or a cash injection.

Edmond Alphandéry: critics say his plan will restrict bank

It said losses of FFr12bn for 1994 were above expectations. The restructuring was complex, and it was difficult to measure the state's support.

Separately, Moody's Investors Service expressed concerns about the costs of financing and compensatory payments from Crédit Lyonnais to the state, which it argued would have an impact on profitability at the bank.

In contrast, IBCA, the specialist bank rating agency, maintained its assessment, saying the plan confirmed its view that Crédit Lyonais would receive the support it needed from the state, its controlling shareholder.

One analyst at a large bank in Paris said the rescue plan would limit Crédit Lyonnais' room for manoeuvre, and its repayments to the French state would restrict its ability to rebuild equity through retained earnings.

He said the bank would be unable to seek growth in volume and would have to make some tight choices. He concluded that the shares remained overvalued, and that the plan represented "good news" for Crédit Lyonnais' competitors over the next few years.

However, other observers said there was a possibility that Crédit Lyonnais would be able to generate large provisions, keep its profits low, and then hope that the state eventually waives the obligations it had imposed, once the political pressure surrounding the rescue have subsided.

Meanwhile, political reaction to the rescue plan intensified yesterday, with the CFDT, one of the main trade unions at Crédit Lyonnais, saying employees would be "the only ones to pay straight away" for the bank's legacy of bad loans and investments.

It likely that the global workforce of 66,000 will shrink by up to 10,000 over the next four years.

The heads of the Senate and Assembly finance committees also yesterday criticised the plan as a fait accompli, and there were renewed calls for an extraordinary session of parliament to debate its proposals.

Renewed pressure on Sweden to float Telia

By Hugh Carnegy in Stockholm

Fierce competition in one of the world's most open telecommunications markets hit earnings at Telia, the state-owned Swedish telecoms operator, last year.

Profits after financial items fell to SKr2.9bn ($400.9m) from SKr3.9bn in 1993.

The result is likely to increase pressure on the Social Democratic government to allow the privatisation of a portion of Telia. The company has restructured significantly in the past two years in readiness for competition in the deregulated market of fixed and mobile telephony in Sweden. However, it still needs new capital to continue the process and finance growth in overseas markets.

Sales last year advanced by just over 7 per cent to SKr37.9bn from SKr35.3bn, as both traffic and subscriptions rose, notably in mobile telephone services.

Profits, however, were lower because of a price war in Sweden's fast-growing mobile telephone market, where Telia faces two rival operators. They were also affected by the costs of streamlining to match competition and technology changes, and a decision to shorten the depreciation period for traditional network equipment being superseded by radio-based systems.

Operating expenses rose to SKr24.6bn from SKr22bn, as Telia was forced to spend SKr1bn in mobile telephony marketing - some of it on commission to dealers for every new customer - and incurred restructuring costs of SKr1.3bn. Depreciation charges jumped to SKr8.6bn from SKr7.8bn.

Mr Lars Berg, chief executive, said he was satisfied Telia was becoming strong enough to meet competition.

Telia's equity-to-assets ratio improved by 3.2 percentage points to 34.7 per cent last year. However, the group wants to strengthen its financial basis further, mainly to finance growth abroad where Telia is looking to expand.

Growth-hungry GEA circles rival

German group is still on the acquisition trail, says Michael Lindemann

When Mr Volker Hannemann, chief executive of GEA, visited his arch-rival APV just over a year ago, he made a mistake: he signed the visitors' book. Two days later a journalist - who was next to sign the book - was on the phone wanting to know what Mr Hannemann was doing at APV, the British group specialising in food processing equipment.

The soft-spoken Mr Hannemann, 60, head of the group which is vying with APV for second place in the world food processing equipment market, is loathe to talk about his private dealings with the rival. The battle between GEA and APV for the slot behind Sweden's Tetra-Laval is becoming increasingly bitter.

Several months ago, Mr Clive Strowger, then APV chief executive, cut its interim dividend and blamed the shortfall on aggressive price-cutting by GEA. At the time, Mr Hannemann said the charges were groundless and, as if to underscore that, Mr Strowger was out of a job a month later.

Now, in a move which is likely to further strain relations between the two rivals, GEA has appointed Mr Fred Smith, a former APV chief executive and, analysts say, the engineer of the ambitious expansion which is causing the British group such difficulties, to head its rapidly-expanding food processing activities in east Asia.

Since GEA listed on the stock exchange in 1989, the company has lifted sales worldwide by 350 per cent, to a forecast DM4.2bn ($3bn) in 1995 from DM1.2bn.

From his glass-domed headquarters in Bochum, a drab industrial town at the heart of Germany's Ruhr region, Mr Hannemann has bought a number of German and foreign companies in the food processing business, one of GEA's three operating divisions along with energy technology and refrigeration.

The company has, in fact, been expanding so rapidly that it has some investors wondering. At least one bank in Frankfurt finds it difficult to sell GEA stock to German investors, who are normally wary about companies who go on buying sprees instead of growing organically.

And, at a recent shareholder meeting, the company itself had to face down some of its smaller investors, who were anxious about the galloping growth of GEA turnover.

Mr Hannemann, though, is quick to allay fears. The companies GEA has swallowed in recent years are niche operators with which it had been doing business for years, he says.

Westfalia Separator, one of the world largest producers of the separators used in food processing, had been doing business with GEA for 12 years before it was taken over last May. The same goes for Niro, the Danish group taken over early in 1993.

"If we think about acquisitions, it's entirely a question of improving our market position," Mr Hannemann said. "It's not just a question of buying a company on the cheap."

But while turnover has risen an average 26 per cent in the last four years, the group's profits have been less impressive. In 1991, they rose 6 per cent to DM93m, but tumbled to DM75m in 1993.

Money had to be spent restructuring some of the acquisitions, most notably Grasso, the Dutch refrigeration technology business bought in 1991. The worst recession in Germany since 1945 has also left GEA with some scars, Mr Hannemann says, but the prospects are looking rosier.

Margins are expected to rise by about 2 per cent as the recovery picks up in Germany and across western Europe - GEA will be looking to take advantage of its bigger presence in the food processing equipment business. "If the market permits higher prices, then profits will rise," Mr Hannemann said.

He wastes no time pretending GEA could overtake Tetra-Laval as world leader in the food processing equipment market. He is, however, determined to outgun APV by extending the range of products. He also insists that GEA can service its clients more reliably than the competition, and has taken the group into rapidly-expanding markets, especially Asia, where there is voracious demand for refrigeration and food processing technology.

Analysts suggest GEA has not yet over-reached itself. The priority for Mr Hannemann and the company's top management now is to develop the skills needed to steer the much larger group - skills which do not always come naturally to the Mittelstand culture from which GEA emerged just five years ago.

The company is still 51 per cent-owned by the Happel family, who began the business in 1920 and prides itself on the close working relationship between Mr Hannemann and Mr Otto Happel, the grandson of the company's founder and head of the all-important supervisory board.

However, just as the group has taken its business abroad, it has succeeded in attracting the attention of foreign investors. About 15 per cent is held by UK investors, and a further 15 per cent is scattered across Europe; US investors have so far picked up 4 per cent of the equity.

So where does that leave APV? "GEA does not need APV as a strategic acquisition," Mr Hannemann said. "GEA is strong enough by itself."

That said, Mr Hannemann admits that decisions about acquisitions are made slowly at GEA. The company has used most of the DM380m raised through a rights issue last year to reduce its debt, which now stands at DM105m. Whether GEA will be content in future with smaller acquisitions or opt for something larger remains to be seen.

Alcatel Cable sells US interests

By Andrew Jack

Alcatel Cable, a subsidiary of the French industrial group, yesterday announced the sale of its copper wire manufacturing operations in the US to Alpine, a US-quoted industrial group, for $100m.

The sale includes Alcatel's copper cable factories in Tarboro, North Carolina, and Elizabethtown, Kentucky, owned by Alcatel NA Cable Systems, and one in Winnipeg, Manitoba in Canada, owned by Alcatel Canada Wire.

Alcatel Cable in France said the three factories employ about 830 staff between them, and combined sales in 1994 stood at about $190m. Alpine, which is quoted on the American Stock Exchange, is already involved in cable and telecoms manufacture.

Alcatel said the sale reflected its decision to concentrate its operations in North America on fibre optics, and in limited production of copper cable for use in data transmission for local area networks.

It stressed it was continuing to invest in its fibre optic plant in North Carolina, on which it had spent a further $80m in the last few months.

It said it continued to manufacture copper cables as part of its business in other parts of the world, including in Europe.

Regulatory approval from the US and Canadian authorities - including monopoly clearance - and board approval from the two groups is under way, and the sale is expected to be finalised next month.

Hertz to boost fleet by record 520,000

Ford Motor's car rental subsidiary Hertz will buy more than 520,000 vehicles for its worldwide fleet this year, Reuter reports from New York.

Hertz said the fleet's retail value is estimated at about $10.2bn.

"This represents Hertz's largest fleet purchase in our 77-year history, and the largest in the industry," said Mr Walter Seaman, division vice-president, fleet, maintenance and car sales operations.

Of the 520,000 cars and trucks being bought by Hertz this year, about 305,000 will be registered and rented in the US.

Hertz, which has 5,400 car rental locations worldwide, became a wholly-owned subsidiary of Ford in 1994.

● Ford of Canada is closing two of its three Canadian vehicle assembly plants until tomorrow because of the nationwide railway strike, Reuter reports from Montreal.

Ford will close its Oakville assembly plant, which makes Winstar mini-vans, and its St Thomas plant, which makes Crown Victoria and Grand Marquis cars. Ford's Ontario truck plant appeared to have enough parts to get through its 10-hour shift today, Ford said.

The two car assembly plants were scheduled to be closed at noon today, halfway through the shift. The closures would affect a total of 7,000 hourly workers.

Ford may also send about 200 employees home today from its Essex engine plant in Windsor. Ford has three engine and three casting plants in Windsor.

General Motors of Canada said its car assembly plant operations were continuing as usual.

Chrysler Canada said its plants would not be affected because more of its material is brought in by truck. "There has been no effect and we don't anticipate any. If [the rail strike] is prolonged, we might have some knots in the vehicle distribution system. We have to watch it day by day, of course, and hopefully we'll get some back-to-work legislation in place," a spokesman said.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 21.03.95: Pool purchase price £/MWh	Final Prices for Trading on 21.03.95: Pool purchase price £/MWh	Final Prices for Trading on 21.03.95: Pool selling price £/MWh
0030	9.05	8.80	8.80
0100	8.90	8.95	8.95
0130	9.03	8.85	8.95
0200	10.72	8.95	8.95
0230	10.00	8.95	8.95
0300	10.00	8.91	8.91
0330	9.01	8.91	8.91
0400	8.80	8.80	8.80
0430	8.79	8.79	8.79
0500	8.78	8.75	8.75
0530	8.80	8.79	8.79
0600	8.80	8.78	8.78
0630	8.80	8.95	8.95
0700	8.80	9.06	9.08
0730	8.89	8.03	8.63
0800	9.98	8.06	8.67
0830	10.15	10.25	10.90
0900	10.33	10.81	11.60
0930	10.56	12.93	13.88
1000	10.59	13.29	14.34
1030	10.51	13.28	14.34
1100	10.61	11.61	12.59
1130	10.57	11.57	12.54
1200	10.62	13.05	14.03
1230	10.56	12.98	13.92
1300	10.42	11.22	12.08
1330	10.16	10.84	11.58
1400	10.11	10.65	11.33
1430	10.09	10.57	11.22
1500	10.08	10.54	11.18
1530	9.07	10.54	11.18
1600	15.93	10.72	11.43
1630	10.36	11.77	12.87
1700	10.79	16.68	18.15
1730	14.14	29.92	35.68
1800	14.32	53.61	65.03
1830	16.55	67.28	79.69
1900	22.11	58.89	69.18
1930	22.36	30.90	36.01
2000	30.14	18.32	19.95
2030	16.41	12.16	12.94
2100	10.43	11.75	12.41
2130	15.84	9.10	9.10
2200	9.01	9.01	9.01
2230	8.79	8.99	8.99
2300	8.79	8.95	8.95
2330	8.77	8.79	8.79
2400	8.18	8.75	8.75

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8.30am and 5.15pm Monday to Friday.
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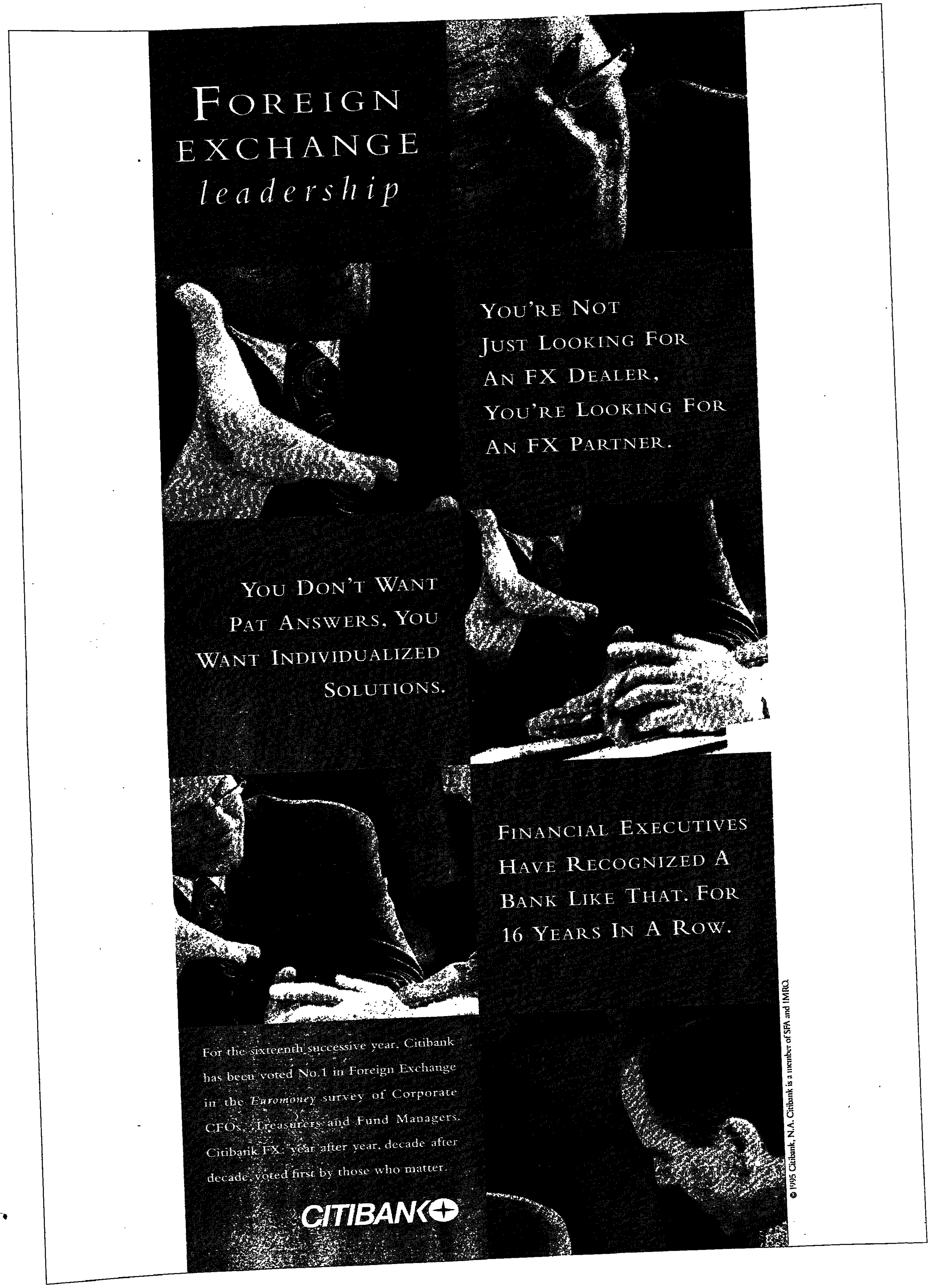
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INTERNATIONAL COMPANIES AND FINANCE

Buffett seeks new class of shares to back takeovers

By Richard Waters in New York

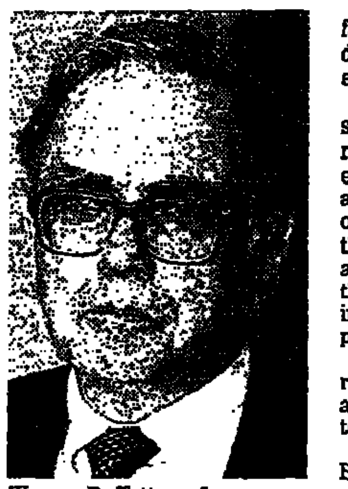
Mr Warren Buffett, the US investment guru who last week said he had written off much of his investment in USAir, is seeking power from his shareholders to issue a new class of stock to back his takeovers.

The Nebraska-based investor also used his annual letter to shareholders in Berkshire Hathaway, a private investment company, to explain and apologise for the USAir loss.

Describing the 1989 investment as "an unforced error", Mr Buffett said: "This was a case of sloppy analysis, a lapse that may have been caused by the fact that we were buying senior security or by hubris. Whatever the reason, the mistake was large."

The 71-year-old Mr Buffett said he wanted the power in future to issue up to 1m new preference shares to back takeovers.

The inability to use this type of stock was part of the reason why Berkshire Hathaway failed to buy a "large, family controlled business" a year ago, he said. Mr Buffet added that the company "would like to make an acquisition in the $2bn-$3bn range".



Warren Buffett: preference shares will back takeovers

Mr Buffett's annual shareholder letters have become famous for their folksy wisdom, and this one was no exception.

Most takeovers, he said, are similar to "a chain letter in reverse". They "display an egregious imbalance: They are a bonanza for the shareholders of the acquiree; they increase the income and status of the acquirer's management; and they are a honey pot for the investment bankers and other professionals on both sides.

"But, alas, they usually reduce the wealth of the acquirer's shareholders, often to a substantial extent."

The book value per share of Berkshire Hathaway's stock rose 13.9 per cent in 1994, marking the 27th time in the past 30 years that it has exceeded the total return on the Standard & Poor's 500.

Mr Buffett warned, though, that given its size, the investment company would have trouble matching its past performance. "A fat wallet ... is the enemy of superior investment results," he wrote.

Microsoft co-founder invests in film studio

By Louise Kehoe in San Francisco

Mr Paul Allen, the software billionaire who co-founded Microsoft with Mr Bill Gates, is to invest about $500m in DreamWorks SKG, the Hollywood film studio being formed by Mr Steven Spielberg, Mr Jeffrey Katzenberg and Mr David Geffen.

Mr Allen will become a director of DreamWorks SKG and will help to formulate the studio's strategy in developing interactive entertainment and multimedia products.

He will hold a stake of about 20 per cent stake in the venture.

"The extraordinary reputations and achievements of the DreamWorks partners made this a very compelling and exciting investment," said Mr Allen.

DreamWorks SKG, formed last October by three of Hollywood's best known executives, plans to create motion pictures, animated films and television programmes.

The studio will produce recorded music and plans to enter the interactive entertainment field.

The company is expected to launch its first two films next year. The studio has already signed a 10-year exclusive licensing agreement with Home Box Office, a cable TV broadcaster, to start next year.

In November, it announced a joint venture with Capital Cities/ABC to form a new television studio to produce a broad range of programming.

Mr Allen's investment in DreamWorks is the latest of several investments in "new media" companies as he puts together a "suite of companies exploring the potential of multimedia digital communications".

Mr Allen left Microsoft in 1983 but remains a director and shareholder in the software company. Companies wholly owned by Mr Allen include Asymetrix and Starwave, two software companies.

Cadillac revises shake-up plan

Cadillac Fairview, the struggling Canadian property group, has announced changes to its proposed restructuring plan in a management information circular for stockholder meetings on April 18 and April 19. AP-DJ reports from Toronto.

Cadillac said the current plan would result in C$858m (US$613m) of new capital being invested in Cadillac Fairview. Its previous plan called for C$1bn of new capital.

Cadillac said capital under the revised plan would come from four sources:

- C$312m from a limited partnership of investors managed by the Blackstone Group, a New York-based merchant banker, and the Ontario Teachers' Pension Plan Board, in exchange for 31.6 per cent of Cadillac Fairview's new equity;
- About C$76m from the sale of 75 per cent of Cadillac Fairview's interest in the Fairview Park Mall in Kitchener, Ontario and Georgian Mall in Barrie, Ontario, to Blackstone and Teachers;
- About C$120m in proceeds from refinancing of the Toronto-Dominion Centre in Toronto, to be supplied to Cadillac Fairview by Teachers;
- C$350m from a new secured credit facility.

Cadillac said there had been several changes to the plan, filed by the company with the Ontario Court in February.

A C$200m rights offering to holders of Cadillac's existing subordinated debentures is not a part of the revised plan, although these investors will receive warrants to purchase additional common shares over the next five years.

In addition, Blackstone and Teachers will now not purchase the Toronto-Dominion Centre and the Pacific Centre.

Under the current plan, holders of Cadillac Fairview's syndicated debt of about C$1.1bn will be able to elect to exchange their claims for either a maximum of C$451m in cash and 58.4 per cent of the common shares' of Cadillac.

It was not immediately clear whether these debt holders would be able to opt for a combination of cash and shares.

Bass, Promus reach settlement

By Roderick Oram, Consumer Industries Editor

Bass, the UK brewing and leisure group, has settled its three-year-old suit against The Promus Companies, the rump of the group from which Bass bought the Holiday Inn hotel chain for $2.23bn in 1990.

Bass sought damages from Promus, a casino and hotels group for three issues arising from the acquisition.

The UK group alleged Promus had misled it about the condition of many Holiday Inn hotels and the nature of their leases, such as their compliance with zoning regulations and other laws; had failed to adhere to a tax sharing agreement concerning pre-merger taxes on Holiday Inns; and had failed to alert Bass to some third-party liabilities.

Bass said yesterday a settlement from Promus would compensate it for its claims, cover all tax issues and meet all legal costs.

Bass declined to disclose the sum but said it was not material to its net assets.

Promus announced in January that it was demerging its hotels to concentrate on its 15 Harrah's Entertainment casinos, the largest chain in the US.

Profits fall to R$944m at Telebrás

By Angus Foster in São Paulo

Telebrás, Brazil's government-controlled telecoms monopoly, has announced a fall in profits, in spite of a sharp increase in demand for some services.

Telebrás, which is due to release full consolidated results later this week, said profits after tax in the year to December 31 1994 were R$944m (US$1.1bn), compared with R$1bn in 1993.

In December, results were affected by a 20 per cent salary increase and a rise in social contributions, both required under law.

The number of long-distance calls rose 18 per cent to 4.2m, reflecting renewed economic growth following the July launch of a new currency. The cellular business also grew rapidly.

Total investment in the year was R$3.6bn and nearly 1,350 locations were integrated into its network, taking the total to more than 17,000.

Nucor price cuts hit US steel stocks

By Richard Waters

Shares in the biggest US steel companies fell sharply yesterday as Nucor, the country's most profitable manufacturer, moved to cut the price of some of its products.

The move appeared to offer one of the first clear indications that the price for some types of steel has already reached its cyclical peak.

It came just days after US Steel, the country's biggest steelmaker, announced a broad-based price rise, a move which lifted share prices across the industry.

Nucor told customers that it would reduce the price of hot-rolled steel, a product used in automobiles, appliances and construction, by $20 a ton.

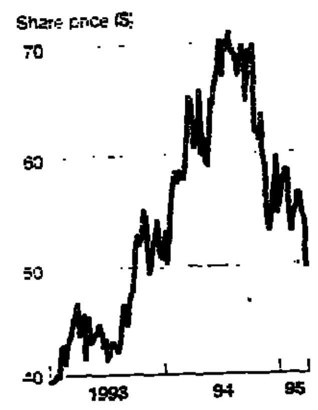
Hot-rolled steel is also used to make higher value-added products such as cold-rolled and galvanised steel, suggesting that any price cuts could eventually feed through into most parts of the steel market.

"Their [Nucor's] price is the single most important bellwether for the industry," said Mr John Jacobson, director of steel analysis at the Wefa Group, an independent research and consulting group.

The company's pricing policy is directly geared to keeping its mills running at full capacity, and the company moves quicker than most to adjust prices to reflect its order book, he added.

The price also reflects an increase in production capacity for hot-rolled steel in the US. Nucor itself is in the process of doubling its hot-rolled capacity. Coinciding with signs that the US car market is beginning to slow and a fall in housebuilding, this has contributed to a weakening in the steel market.

Nucor



Source: FT Graphite

In spite of the steel industry's return to profitability in recent quarters, most companies' share prices have already fallen substantially from their peaks on expectations that higher US interest rates would eventually dampen demand.

In early trading yesterday, Nucor's shares dropped by $3⅞ to $50, a fall of 7 per cent, before recovering to $52⅝ by midday.

US Steel's shares lost $1⅛, declining to $30⅛, while Bethlehem Steel shed $½ to $14½.

Mexico tackles its debt mountain

Many companies are restructuring obligations, writes **Ted Bardacke**

Mexican companies, operating in the shadow of a mountain of debt which falls due this year, are busily restructuring their obligations.

Finance directors are calling in creditors to try to stretch out payments and avoid default. Analysts estimate as much as half the $1.5bn in private foreign debt due in 1995 will not be repaid unless it is refinanced.

Negotiations with creditors will determine whether December's devaluation of the peso will bring a wave of corporate defaults, or whether last month's suspension of payments – now resolved – by Grupo Sidek, a leading tourism developer and steel producer, an anomaly.

With the Mexican peso now worth half its value before devaluation, many companies are experiencing difficulties in servicing dollar debts.

In addition, the decline in the net worth of Mexican companies in dollar terms may place them in technical breach of their loan agreements, compounding the danger that creditors might call in their loans.

The finance ministry and Bank of Mexico, anxious to avoid another Sidek-style default, this month announced a 83bn peso ($11.2bn) credit line to allow Mexican banks to restructure corporate debt, much of which is denominated in dollars.

The credit line covers about 17 per cent of the banks' total loan portfolios, and will be financed in part through a $3bn facility from the World Bank and Inter-American Development Bank.

The Sidek case should sharpen the focus of those working on the debt problem.

Grupo Sidek announced on February 15 it would not pay $19.5m due on commercial paper.

Although it had sufficient cash reserves to make the payment, the company said it needed the money to finance operations.

As analysts and creditors knew, making the $19.5m payment would simply have forestalled the inevitable. Another $10.05m was due on February 21 and a total of $284m matures in the first quarter of 1995. Using cash in hand, Sidek would have been unable meet its payments.

In two days, the company's shares fell more than 50 per cent, dragging much of the Mexican stock market down with them.

By February 17, Sidek had made its payments and told creditors it could meet all obligations due in the first quarter.

Bancomext, Mexico's foreign trade bank, and Banamex, a 16 per cent shareholder of a Sidek subsidiary and creditor of approximately one-third of its obligations, put together a consortium of Mexican commercial banks which either agreed to roll over credits or pledged new ones.

According to company officials and bankers, Sidek knew it would be unable to meet its obligations three weeks before the initial $19.5m payment fell due, and tried to put together a roll-over plan through the brokerage house Lazard Frères.

"The lesson here is that you have to concentrate on communication as much as financing," says Mr Roberto Carrillo, an equity analyst with Baring Securities in Mexico City.

"If you are a Mexican company with debt coming due you had better assume that all your commercial paper is going to be cashed in and start talking to your bankers and brokers soon and often. You can't wait until the last minute."

Other analysts say Sidek was saved by Banamex's equity position in the company and the Mexican government's reluctance to let the country's most important tourism developer go under at a point when travel to Mexico was expected to take off as a result of the peso's devaluation.

"More than balance sheets, you have got to look at the relationship companies have with their banks and with the government to determine the risk of default," according to one foreign consultant.

"You have to remember that Mexico is a country where relationships and politics often determine who gets credits and who doesn't."

It is these kinds of relationships that construction company Tribasa is relying on to come through 1995 unscathed.

Although Duff & Phelps, the US rating agency, recently downgraded Tribasa's commercial paper, Mr Chris Lee, the group's finance director, says Tribasa has recently paid 300m pesos of commercial paper debt and last week rescheduled the payment of a 1.1bn-peso loan with the state development bank Banobras which is due on April 6.

"We don't think Banobras would want us to go under, considering we do the kind of work they are supposed to fund," says Mr Lee.

The 1.1bn-peso loan has been extended for another six months, during which time Mr Lee hopes to reach a long-term refinancing agreement with Banobras.

However, even a good relationship with the government will not save all companies or their bondholders, at least not immediately.

Investors holding $37.5m commercial paper issued by the airline Aeromexico, which falls due between March and May, will have to wait until June to be paid, according to an agreement reached between Aeromexico and its creditors last week.

The airline, which reported a consolidated net loss of 826m pesos in 1994, says it is trying to complete an "orderly and consensual" restructuring of its 3.86bn-peso debt, including a $100m eurobond which is due in June.

For many Mexican companies, obtaining some form of debt relief will be the only way to survive a year of recession, high inflation, and a contraction of domestic credit.

Mexican company debt

Issuer	Month of maturity	Amount (US$ m)	Instrument
Cemex	March	171	CP
San Luis	March	6.5	CP
Tamsa	April	33	CP
Aeromexico	June	100	Eurobond
Banca Cremi	June	150	Eurobond
Bital	June	50	Eurobond
Sidek	July	50	CP
Bancais	August	100	EMTN
Synkro	October	50	Eurobond
Cemex	October	50	EMTN
Cemex	October	50	CP
Iusacell	November	45	Eurobond
Iusacell	November	15	CP
Banca Cremi	November	50	Eurobond
Cydsa	November	50	EMTN
Sidek	December	50	Eurobond
Sidek	December	50	Eurobond

Sources: Bancomer, Serfin, Midland Bank

Playtex Products sells shares to buy-out firm

Playtex Products, the US maker of tampons, is to sell 20m newly-issued common shares to Haas Wheat & Harrison Investment Partners, the Texan buy-out firm, at $9 a share, Reuter reports from Connecticut. The investment represents about 40 per cent of Playtex's common stock.

Playtex said the price represented a 20 per cent premium over the average closing price of the stock during the 15 trading days ended March 16.

It added that the share issue was part of a transaction in which $500m of senior debt would be refinanced by Chemical Banking.

The company said the $180m investment by partnerships affiliated with Haas Wheat & Harrison would be used to reduce senior debt.

In conjunction with the new equity investment, Playtex and Haas Wheat have secured a commitment for a $500m senior credit package from Chemical Bank.

The package "will replace the existing bank debt at substantially reduced interest rates and will provide Playtex with in excess of $125m of cash and available borrowing facilities," the company said.

The company's $360m of 9 per cent senior subordinated notes would remain outstanding, it said.

Playtex added that it would incur a one-time charge of about 19 cents a share from the write-off of deferred financing costs from the early extinguishment of debt.

NEWS DIGEST

Germans win stake in Indonesian telecoms group

Deutsche Telekom, the state-owned German operator, has beaten three other international telecoms groups to win a 25 per cent stake in Satelit Palapa Indonesia (Satelindo), writes Manuela Saragosa in Jakarta.

Satelindo is a two-year-old company which is becoming a competitor to Indosat, the Indonesian international telecoms group which was partly listed in New York last year.

Deutsche Telekom will pay $586m for the stake and Satelindo will issue new shares as part of the purchase. Further details of the acquisition are due to be revealed today at a signing ceremony.

The German group's acquisition is an important foreign investment for the company, representing the second-biggest investment it has made after buying into Hungary's Matav telecoms group, together with Ameritech. It is currently negotiating with France Telecom to take a 20 per cent stake in Sprint, the third biggest US long-distance carrier.

Until the end of February, the UK telecoms group Cable & Wireless appeared to be the leading contender for the Satelindo acquisition, but a signing ceremony was cancelled at the last moment. Nynex of the US and France Telecom also bid for the stake. Officials at Satelindo have said C&W was offering $550m for the stake.

Satelindo is jointly owned by Telkom, the domestic telecoms company, Indosat and Bimagraha Telekomindo, another Indonesian telecoms group. Bimagraha is part of the Bimantara group, which is controlled by one of President Suharto's sons.

ABN Amro to boost Polish unit's capital

ABN Amro, the Dutch bank, is to increase the capital of its Polish subsidiary by $20m at the end of this month, writes Christopher Bobinski in Warsaw.

The move comes as part of a three-year $40m investment programme in Poland announced by ABN Amro when it agreed to pay $10m for Interbank, a small ailing Polish private bank. The increase is to be approved by a shareholders' meeting on March 31.

ABN Amro took over Interbank and covered its accumulated $4m losses earlier this year to gain entry to Poland's banking sector. The National Bank of Poland, the central bank, has said that it will only issue new licences to banks which agree to invest in existing Polish banks.

ABN Amro purchased Interbank by outbidding the Deutsche Bank which is looking for a new takeover target.

Deutsche Bank remains the only one of the larger German banks without an operating presence in Poland.

Vienna airport seeks early privatisation

Flughafen Wien, the Vienna airport company, said it hoped for an early privatisation, possibly in May or early June, Reuter reports from Vienna.

The Vienna daily Der Standard yesterday reported that the government is close to selling 22 per cent of shares in Flughafen Wien for around Sch2bn ($205m). The state currently has a 36.5 per cent stake in the company.

BAA of the UK, Amsterdam's Schipol airport and Japan's All Nippon Airways are all in the running, the paper said.

Korea's Yuhan plans move into computers

Yuhan Corp, one of South Korea's leading pharmaceutical companies, said yesterday it planned to take over the management of an unlisted computer company in an effort to diversify its business into the industry, AP-DJ reports from Seoul.

The management takeover of the computer company, identified as Computer & Technology Co, is expected to be finalised this month, according to Yuhan.

Manufacturers 'lead S Korean earnings rise'

South Korean companies listed on the domestic stock market reported much improved performance in both net earnings and sales for 1994, with semiconductors, automobiles and petrochemicals at the forefront, according to a private think-tank, AP-DJ reports from Seoul.

In a report on business performance of 463 listed companies whose fiscal year ended December 31, Daewoo Research Institute said their net earnings showed a 62.6 per cent increase in 1994, up from a 5.6 per cent rise in 1993. The surveyed companies' sales rose by 19.7 per cent in 1994, compared to a 9.1 per cent gain in 1993.

Daewoo Research Institute is a unit of Daewoo Securities, the nation's largest brokerage house.

Manufacturing companies led the earnings increase with a 95 per cent rise in net earnings and an 85 per cent improvement in ordinary income.

Ordinary income measures earnings from normal business activities, as distinguished from capital gains.

Electronics showed a particularly strong performance, with a 172 per cent gain in ordinary income.

Surging exports of semiconductors and a strong Japanese yen contributed to the sector's good performance.

The petrochemical sector, which suffered a decline of 29.3 per cent in 1993, showed a 92.1 per cent rise in ordinary income. The textile, paper and automobile parts sectors reported a shift into the black from the previous year's loss.

With the improved performance, according to the report, the market's average price-earnings ratio will drop to 18.7 times, when the 1994 performance is reflected, from 19.9 times as of March 17.

UK clears Helaba for DTB on-line link

The London branch of Landesbank Hessen-Thüringen (Helaba) is the first institution to have received UK Treasury permission for an on-line link to the trading screens of the Deutsche Terminbörse, Germany's futures and options exchange, writes Conner Middelmann. It is expected to start trading for its own account from London this week.

Mr Jörg Franke, general manager of the DTB, says the DTB has sought official recognition by the UK Treasury of the DTB as an Overseas Investment Exchange. "The advantage of such recognition would be that it clears the way for those banks authorised in England to trade for customers' accounts also to trade directly at DTB," he said.

At present, 19 institutions trade directly on the DTB from locations outside of Germany, and the exchange hopes more institutions will follow suit.

Meanwhile, Helaba said the bank's move to carry out proprietary trading at the DTB out of London highlighted its desire to diversify and deepen its international dealing activities, which it plans to manage to a growing degree from London. It also has a seat on the London International Financial Futures Exchange (Liffe) and plans to trade on both exchanges.

Philips to spend more than $400m in India

Philips, the Dutch electronics group, plans to invest at least $400m in India over the next four years, according to Mr Jan Timmer (right), its president/chairman, Reuter reports from New Delhi. The Dutch group holds 51 per cent in its subsidiary, Philips India. Mr Timmer declined to give the New Delhi news conference details of the investment, saying to do so would amount to informing its competitors.

Philips is a leading force in India's consumer electronics market, which has seen the entry of big Japanese companies under India's free market reform programme.

Mr H. J. J. Rensma, managing director of Philips India, said Philips was interested in selling cable television equipment in India, which is undergoing a home entertainment revolution led by a mushrooming growth.

Cogema in C$250m uranium move

Cogema, the French-controlled group, is investing C$250m (US$177m) to develop the open pit McLean Lake uranium mine in north-eastern Saskatchewan, due for start up in 1997 with an annual capacity of 6m lb of oxide, writes Robert Gibbens in Montreal.

Saskatchewan already produces about 25 per cent of the West's uranium. Cogema operates the Cluff Lake mine in northern Saskatchewan and owns part of another producer nearby.

● A plan to double the annual capacity of the Alouette aluminium smelter in north-eastern Quebec to 430,000 tonnes has been postponed by the owner-consortium.

Germany's VAW, the operator, Austria Metall, Kobe Steel of Japan, Hoogovens of the Netherlands and a Quebec government agency each hold 20 per cent of Alouette. The C$1.2bn plant was completed in 1992 and the second phase would cost C$1bn.

Alouette said that the postponement was due to uncertainties about the industry cycle. A decision was due by March 31 to meet electric power commitments.

US gaming group in resorts takeover

Circus Circus Enterprises, the large US gaming group, said it had agreed to acquire Gold Strike Resorts entertainments group in exchange for 17m Circus shares and about $12m cash, as well as assumption of debt, Reuter reports from Las Vegas.

Circus Circus said founding Gold Strike partner Mr Michael Ensign would become the Circus vice-chairman and chief operating officer. Mr Ensign was chief operating officer of Circus when it became a public company in 1983, Circus said.

Bombay regulators again in the dock

Peter Montagnon and **R.C. Murthy** assess the impact of a stockbroker's collapse

Financial markets have become suspicious after Barings. So the Bombay Stock Exchange attracted special attention yesterday with its decision to remain closed following the collapse of brokers R.S. Jhaveri with gross debts of some Rs200m ($6.4m).

Like Barings, Jhaveri had built up a large position which it was ultimately unable to settle. As with Barings, the authorities, who should have known what was happening, failed to take remedial action soon enough. Once again the regulators, too, find themselves in the dock.

Yet the striking difference is that the whole Bombay market ground to a halt for such a trivial loss, whereas Singapore kept going throughout the infinitely larger Barings crisis. The Jhaveri affair may have had dramatic repercussions, but it lacks even the dimensions of the securities scandal which rocked India's financial community three years ago.

The market will remain closed today, officials said, in a continuing attempt to prevent a ripple effect among the 650 under-regulated and under-capitalised brokers operating out of dusty offices up dingy stairways in Bombay's financial district. There could scarcely be a more telling example of how unsophisticated equity trading remains here, in spite of Bombay's respectable capitalisation of more than $100bn.

Market rigging, poor disclosure, inadequate liquidity and weak regulation are all familiar hazards of emerging markets. In that sense, Jhaveri led Bombay into a classic trap last month when it was sucked into an operation to support the shares of M.S. Shoes, which was raising more than Rs4bn to diversify into hotels.

Though the issue closed early and the underwriters assumed it was fully subscribed, the Securities and Exchange Board of India began to ask questions about the targets set out in the company's high profile television advertising and about manipulation of its share price.

Belatedly it served on the company a notice requiring it to show that it had not misled investors. Not surprisingly, the share price which had been driven up to about Rs500 by the support operation fell by almost half. That left Jhaveri high and dry.

Both the Bombay Stock Exchange and SEBI have come under fire for their handling of the affair. Some argue that the exchange should have noticed more quickly what Jhaveri was doing and prevented it from building up such a large position. But, according to Mr M.G. Damani, a broker who sits on the BSE board, the exchange saw no need to intervene as long as margin payments were met.

"There has been a spate of poor-quality issues," he Mr Damani said. "This part of liberalisation has proved costly to us. Earlier there used to be a qualitative check by the controller of capital issues. Now SEBI says it only has a vetting role. That gives the issuer too much leeway."

Other dealers said the SEBI compounded the problem by acting too late. It should have intervened as soon as signs of market manipulation appeared. Then at least the price gyration would have been smaller and Jhaveri's losses could have been contained.

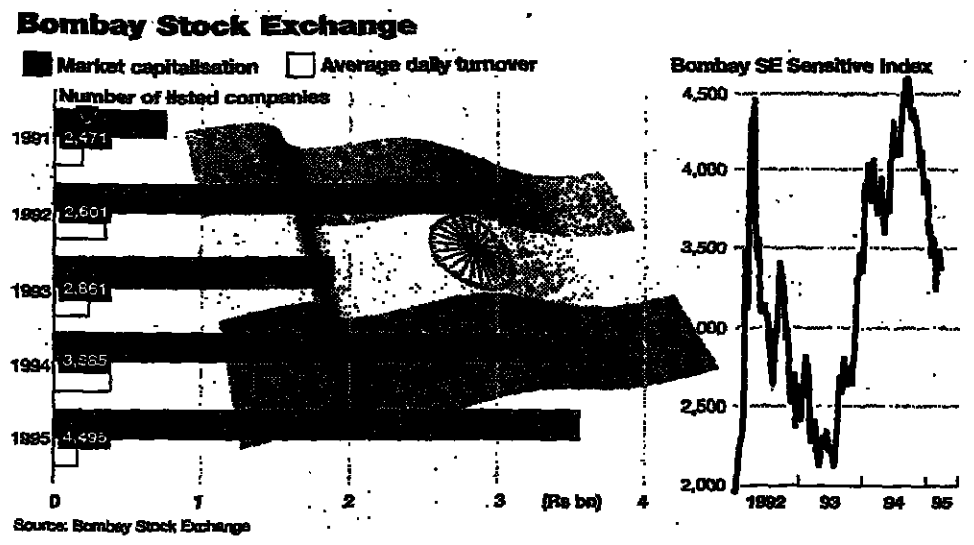
Local brokers say the market's ability to weather such storms has been impaired by the ban a year ago of a form of forward trading, known as *badla*, whereby positions could be rolled forward rather than settled.

Coincidentally, a committee established by the SEBI to consider the matter completed its deliberations yesterday. Its report has not yet been made public and any decision on implementation may be delayed by the Jhaveri collapse. But it is understood to have recommended the reintroduction of the *badla* system, albeit on a more closely regulated basis than before.

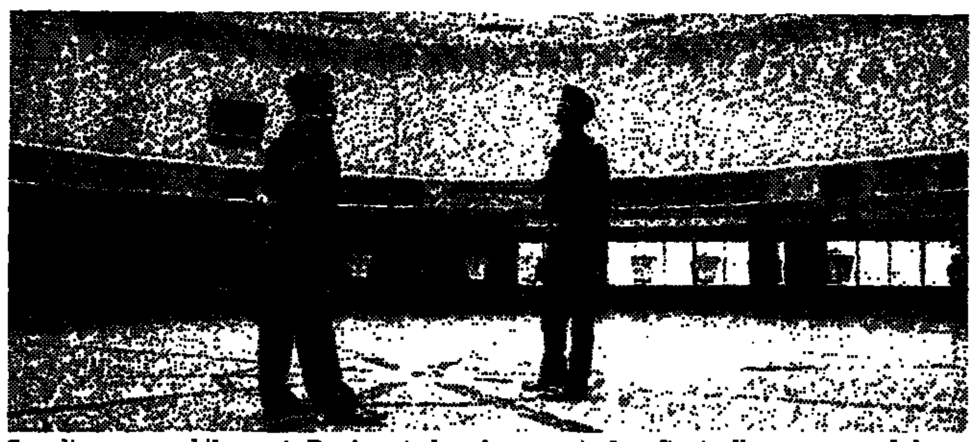
Yet given the regulatory skills displayed by the authorities this week, foreign brokers fear the reintroduction of *badla* would be a speculators' charter. What the market really needs, they say, are fewer, well-capitalised brokers serving a greater number of institutions.

Instead, the market is now forced to stay closed while an army of small brokers with virtually no capital argue among themselves as to how the losses should be shared out. Many believe that exposes a serious weakness. For the market to prosper in the long run, more brokers will have to go the way of Jhaveri.

"It is very unpleasant," says one foreign broker, "but, if we want this market to grow, a lot of intermediaries will have to merge, incorporate and acquire some capital, or die."



Source: Bombay Stock Exchange



Security men guard the empty Bombay stock exchange yesterday after trading was suspended

El Al posts strong gain in profits

By Julian Ozanne in Jerusalem

El Al, Israel's state-owned airline slated for privatisation this year, posted net profits of $14m for 1994, up 41 per cent on 1993 net of $9.9m.

The airline, which was taken out of a 13-year-old receivership last month as part of a restructuring drive, said revenue rose 11.7 per cent to more than $1bn.

Mr Rafi Har-Lev, El Al managing director, said the airline could have boosted profits to $50m if it did not have to ground its fleet during the Jewish sabbath and Jewish holidays, which left it inactive 16 per cent of the time.

The government plans to privatise El Al this year by selling a 51 per cent stake in markets in Israel and abroad. The first public share offering is scheduled for May on the Tel Aviv stock exchange.

Analysts said if a public share offering was not attractive the government would consider selling a strategic stake in the company to a group of shareholders. American Airlines, together with Koor Industries, Israel's most profitable conglomerate, have said they would be interested in buying a stake.

Plans for the sale of El Al are well advanced. A new board of directors has been appointed and earlier this month the company was valued at $150m, against a government estimate of $200m. Underwriters who carried out the valuation said the low price was due to the prohibition of sabbath flights, El Al's obligation to pay 25 per cent of hefty security costs and uncertainty on future wage agreements.

But despite the controversy surrounding sabbath flights the company said it predicted considerable growth.

Dominion puts gold mine up for sale

By Nikki Tait in Sydney

Dominion Mining, the Western Australian mining group which has recently undergone management changes, said yesterday it was putting its Bannockburn gold mine up for sale.

The mine was badly affected by torrential rain which swept across the state earlier this month, and operations closed down. Dominion said the operating west pit and central lode underground mine – in the final phase of mining a combined reserve of 30,000oz of gold – had been flooded.

The North Well deposit, where the reserve is put at 35,000oz, was essentially unaffected and could be started at "reasonably short notice".

Dominion said that, in the light of the enforced stoppage, it would put the Bannockburn operations, reserves and extensive exploration package out to tender by invited groups on a "walk-in, walk-out" basis. If an acceptable price is not obtained, mining will be restarted.

The company added that its previous forecast of a third-quarter loss followed by a fourth-quarter profit should still be accurate.

● Mr Leon Davis, the new chief executive of CRA, the big Australian resources group, yesterday told investors that the company was "increasing its focus on growth". He said that "growth task forces" involving about 100 employees had been formed, some of which were targeting specific commodities and others, regions or markets. The commodity-based task forces will report back in "a few months" although the regional groups will take longer to complete the assessment effort.

Mr Davis, in one of his first speeches since taking over at CRA, downplayed the idea that the group would only be interested in large, world-class mineral deposits, saying that productive, profitable medium-sized operations would not be ruled out.

He also indicated that CRA would focus increasingly on the broadly-defined Asia-Pacific region.

● Western Mining Corp, one of Australia's biggest mining companies, has given the final go-ahead to a A$120m (US$88.2m) power generation project which is an offshoot of the A$400m Western Australian Goldfields Gas Transmission pipeline project, where WMC is an investor.

The company will build four spur pipelines from the main pipeline – which will link the North West Shelf oil and gas production area with the gold-producing district around Kalgoorlie – to its four nickel mining and smelting operations.

Advance in the automotive side makes up for aerospace decline

Lucas Industries at £45m

By Paul Cheeseright, Midlands Correspondent

Lucas Industries, the automotive and aerospace components manufacturer, more than doubled pre-tax profits for the six months to January 31, and earned enough to pay its first fully covered dividend since 1990.

Pre-tax profits were £44.5m, ($73m) compared with £20.1m. The company ended 1993-94 £129.7m in the red after exceptional provisions of £87.6m for restructuring and claims on US defence contracts.

First half earnings per share were 2.9p (1.7p) and the interim dividend is maintained at 2.1p.

"We are on track to delivering the sustained recovery in performance promised last year," said Mr George Simpson, chief executive.

"The restoration of strong top line revenue growth is encouraging and looks set to continue through the rest of the year."

Sales in the first half were 13 per cent higher at £1.35bn (£1.19bn). Automotive sales, now accounting for 74 per cent of turnover, were strong, at £1bn (£880.1m) but sales in the aerospace division declined to £233.8m (£252.1m).

Group operating profit climbed from £36.7m to £61.6m. The UK factories earned less, while those in the US continued to operate at a loss, but there was a strong rise in the operating profitability of European plants.

Lucas stressed that it had no intention of creating any further provisions. So far only £4m has been spent on restructuring, although £15m will be spent in this year's second half.

The immediate worry is aerospace. "A further 12 to 18 months of hard work will be necessary to get this division into shape," Mr Simpson said.

Although difficulties continued with the US Defence Department, including a bar on future contracts and litigation over damages for faulty inspection procedures, Mr Simpson said this would have "little or no effect on the short to medium term financial performance of the company".

Argos 20% ahead at £100.2m

By David Blackwell

Argos, the catalogue retailer which claims to be the UK's biggest toy retailer, increased profits by 20 per cent to £100.2m ($164.3m) last year and is on the acquisition trail.

Mr Mike Smith, chief executive of the chain of 347 stores, said yesterday that the £149.3m cash pile would be used for acquisitions in retailing in the areas of core competence. But the group, which sells branded goods at competitive prices, was not in talks with any target or bank.

He added that the group had learned the lessons of the Chesterman furniture chain debacle, which cost nearly £19m in losses and closure charges in 1992. Chesterman, its first diversification since demerger from BAT in 1990, lasted less than a year following disappointing sales.

The group is proposing to ask the annual general meeting in May for authority to purchase its own shares.

Shares in the group rose by 19p to 376p yesterday as the group's profits outstripped analysts' forecasts by £3m-£4m. Sales grew from £1.1bn to £1.3bn and included a 6.3 per cent like-for-like increase.

Argos had been the last retailer into recession and the first out.

Bunzl shrugs off the past with a £49.7m write-down

By Peggy Hollinger

Bunzl yesterday cleared out the last vestiges of an acquisitive past by taking a £49.7m ($82m) hit on the value of businesses acquired in the 1980s. The charge pushed the paper and plastics company into the red for 1994.

Mr Tony Habgood, chief executive, said the goodwill hit was expected to be the final correction in the value of the businesses built up by Bunzl in a heady buying spree under previous management.

He said the board had decided to examine the ongoing value of all its businesses after the sale of the building supplies division last year. This disposal resulted in a £35m goodwill write-off, bringing the total charges to £84.7m.

The charges left Bunzl with pre-tax losses of £4.9m for the year to the end of December, against profits of £55.8m last time. Sales were almost 7 per cent ahead at £1.62bn (£1.52bn).

The decline masked a 36 per cent increase in underlying operating profits from continuing businesses, and excluding acquisitions, to £79.2m. Acquisitions contributed £5.7m to operating profits.

Paper prices had risen sharply in the second half and were about 4 per cent higher for the year as a whole, Mr

Trevor Humphries

Anthony Habgood: goodwill hit expected to be 'final correction'

Habgood said, adding that he expected even stronger price increases in the current year.

Paper and plastic disposables benefited from the higher prices, increasing operating profits by 33 per cent to £54.1m on sales 24 per cent ahead at £894.1m. Acquisitions contributed about 10 percentage points of the sales growth.

Fine paper more than doubled operating profits from £6m to £13.3m, on sales 16 per cent ahead at £396.7m. The sharp rise was due to the absence of costs incurred in 1993 for withdrawing from southern Italy.

Filters rose 27 per cent to £14.5m on sales 6 per cent up at £121.5m. Profits in plastic products were helped by acquisitions, price rises and increases in volume. Profits rose 36 per cent to £12m on sales 18 per cent ahead to £101.3m.

The final dividend was increased 39 per cent to 3.2p (2.3p), for a total 22 per cent higher at 5p (4.1p). Losses per share were 8p (8.3p earnings).

Charter seeks purchase in UK

By Tim Burt

Charter, the industrial engineering group, yesterday said it was considering a big UK acquisition to complement its position as one of the world's largest welding, railway track and building materials manufacturers.

The group, which last year paid £295m ($484m) for Esab, the Scandinavian welding business, indicated that it could set up a new UK leg to balance the rapid growth of overseas profits.

Sharply increased contributions from Esab and other overseas operations helped pre-tax profits more than double to £54.8m for the nine months to December 31, against £24m in the seven months following the company's 1993 restructuring.

Of those profits, only 20 per cent was earned in the UK, hampering the group's ability to reduce its tax charge by reclaiming advance corporation tax. Tax payments rose from £7.1m to £19m last year, with the charge on overseas profits increasing from £1.9m to £12m.

Pressure to improve the ratio of UK profits is expected to rise further following the decision to sell Hargreaves, the quarry business, which contributed profits of about £1.5m.

Proceeds from the sale would be used to cut the group's £186.8m net debt. Mr Jeffrey Herbert, chief executive, predicted gearing would fall from 90 per cent to about 30 per cent by the end of this year.

Even though a £30.3m contribution from Esab underpinned the group's £55.7m (£18.7m) operating profits, its UK parent has called for further cost reductions and improved financial controls. "Our focus has to be on reorganising Esab so that it has an even bigger impact on our figures this year," said Mr Herbert.

US buys for Morgan Crucible

Morgan Crucible, the manufacturer of speciality materials, is spending part of the cash raised from the sale in August of its Holt Lloyd business by paying a total of $34.6m (£21.6m) for three US-based companies.

Morgan sold the car care activities to a management buy-out for up to £63.5m.

Its largest purchase is Pure Carbon for $30m. It has also paid $3m for Diamond Corporation and $1.6m for Refractory Products.

LEX COMMENT

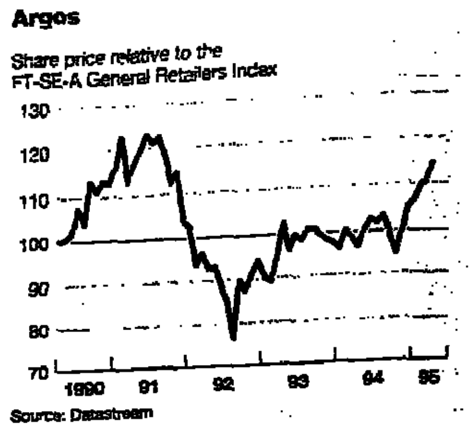
Cut price Argos

The idea behind what Kingfisher termed Everyday Low Pricing is simple: cut prices to the bone and sales volumes will rise, thus compensating for reduced margins. While Kingfisher itself had big problems with EDLP, Argos is one retailer which has managed to pull it off, as borne out by the 20 per cent increase in earnings per share last year.

Gross margins did indeed slip as a result of aggressive pricing, but only by 0.16 percentage points. Sales, on the other hand, grew by 13.3 per cent, allowing the group to spread its fixed costs over higher volumes with resulting increases in productivity. Add in the impact of management measures to broaden the range of products and screw down variable costs and the result is benign: net margins jumped from 6.9 per cent to 7.3 per cent. Shareholders should be delighted with the performance, which fed through to a 31 per cent dividend increase, twice analysts' expectations.

Assuming the group makes pre-tax profits of £115m this year and £130m next, Argos's shares are on a deserved but modest premium rating to the sector. Given the management record and the prospects for growth from existing space and new store openings, the

Argos



Source: Datastream

rating should be higher. The only danger is that the £150m in cash sitting on the Argos balance sheet burns a hole in management pockets and is squandered on an ill-thought-out diversification. In view of the Chestermans furniture debacle, it would be better for Argos to buy in its shares, a move which the management is now facilitating.

Devro rises to £29m and buys Teepak for $135m

By James Buxton, Scottish Correspondent

The agreed takeover by a Scottish company of a US rival twice its size will create one of the largest companies in the specialised world market for manufactured sausage casings.

Devro International is to acquire Teepak International, a privately-owned US meat casings maker. The enlarged company will have global market share of 25 to 30 per cent, and will be one of the two largest companies in the sector.

Devro will pay $135m for Teepak and will assume Teepak's net debt of $156m. The consideration will be met with the issue of 10.9m shares and up to $52.8m in US dollar convertible preference shares. Devro will also make a cash payment of $45m, to be financed by a vendor placing.

The two companies' geographical sales coverage is largely complementary. The enlarged group will have 50 per cent of its sales in the Americas, 40 per cent in Europe and 10 per cent in the rest of the world.

While Devro yesterday reported an increase in pre-tax profits from £18m to £29.1m in 1994, Teepak's pre-tax result for the year to September 30 was down 40 per cent at $12.7m ($20.9m).

Teepak has suffered a number of setbacks in the past three years. A joint venture with a Japanese partner was terminated in 1993 with a loss of $8m; it also lost a patent action on one of its products, costing $8.6m in exceptional charges in 1994.

Simon Engineering cuts losses to £18m

By Andrew Baxter

Simon Engineering, the process plant, contracting, gantry and mobile platform group, made substantial progress in its recovery in the year to December 31, with a reduction in pre-tax losses from £160.3m to £18m ($30m) reflecting a financial restructuring and overhaul of operations.

The company, which only a year ago was in dire straits both operationally and financially, was confident it would move forward to sustained profitability this year.

Mr Michael Davies, chairman, reiterated the board's intention of resuming dividend payments this year after a two-year gap.

The latest results cap one of the quickest and most thorough restructurings undertaken by a UK engineering company. Mr Maurice Dixson, chief executive, announced: "I have consistently said we would sort the company out last year, and I consider we are on track to deliver the results this year."

Turnover fell from £386.1m to £314.2m, and the operating loss dropped from £32.7m to £13.1m.

Profits and orders strengthened in the US operations of Simon Access. The main disappointment, said Mr Davies, was the slowness of the European Access businesses to respond to restructuring and other changes implemented during the year.

Over the year, net borrowings fell 40 per cent from £117.8m to £70.3m. Gearing dropped from 264 per cent to 86 per cent, helped by £38.4m from sales of non-core businesses and surplus property.

Wembley suspended after leak

Shares in Wembley were suspended yesterday after details of the debt-burdened stadium group's latest reconstruction proposal appeared in the press.

The negotiations have been plagued by leaks and the company said yesterday that the latest reports were "the last straw". It added that it was still on course to announce the reconstruction by the end of the month.

Charterhouse, Wembley's adviser, has reportedly cut the price for its proposed £60m ($98.4m) rights issue from 5p to 2p, compared with a suspension price of 6p.

Wembley's bankers initially gave their backing for a deal involving a debt-for-equity swap, but it is thought that institutions said the price for the share issue was too high.

Cash market activities to be re-established before considering derivatives

Baring Secs looks at risk management

THE BARINGS COLLAPSE

Baring Securities International, the securities operation acquired by Internationale Nederlanden Group, will not start trading with its own capital until it has over-hauled risk management systems, according to executives.

Senior executives of the new operation said that Baring Securities would re-establish cash market operations before examining derivatives activities.

Mr Lane Grijns, chairman of Internationale Nederlanden (US) Capital Holdings, the Dutch bank's US securities arm, said that ING executives were "working on a risk management system that makes sense" for trading operations.

About 20 employees of Baring Futures (Singapore), which was owned by Baring Securities but managed by Baring Brothers, the merchant banking arm, have been suspended on full pay. ING has said that it may run futures trading in Singapore.

Mr Michael Baring, who was last week appointed co-chairman of the Baring Securities management committee, said in an interview with the Financial Times that the priority was to re-start cash market broking operations.

Mr Baring said Baring Securities had largely re-activated seats on global stock exchanges and was sending groups of staff to reassure its clients.

He said the re-starting of Barings operations had added stability to smaller markets where it was a leading broker.

Mr Grijns said that ING wanted to use Barings Securities to create "a dominant institution in emerging markets". It would do so by combining its debt trading operations, concentrated in Latin America, with Barings' equity operations.

John Gapper

Liquidation of Dutch offshoot sought

A Dutch high court judge is expected to hear a petition today from a group of bondholders to liquidate the Dutch subsidiary of the collapsed UK merchant bank, writes Antonia Sharpe.

Their action comes amid signs that some aggrieved bondholders have stopped dealing with Baring units taken over by ING, in an attempt to put pressure on the Dutch bank to honour bonds issued by Barings before its demise.

The holders of a $150m floating-rate note which Barings BV issued in 1994, started bankruptcy proceedings in Amsterdam last Thursday, but their action was delayed until today by an injunction issued by another group of Barings bondholders.

Meanwhile, a number of institutional investors who hold bonds issued by Barings have stopped dealing with Baring Securities, as a protest at being left out of ING's rescue and at the lack of changes to Barings' senior management.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Argos	Yr to Dec 31	1,257	(1,110)	100.2	(83.5)	22.3	(18.6)	7.85	May 17	5.65	10.5	8
Biocure §	6 mths to Dec 31	2.68	(1.51)	0.148L	(0.498L)	0.41L	(1.47L)	-	-	-	-	-
Bunzl	Yr to Dec 31	1,622	(1,519)	4.9L♠	(55.8)	8L	(8.3)	3.2	Jul 3	2.3	5	4.1
Charter ★	9 mths to Dec 31	668.9	(301.7)	54.8	(24)	39.4	(20.6)	10.5	May 26	15.5	18	22.5
Chez Gérard	6 mths to Dec 25	6.53	(5.04)	1.07	(0.81)	3.8	(3.8)	0.75	May 9	-	-	-
Dares Estates	Yr to Dec 31	5.07	(6.84)	0.202L	(0.369L)	0.58L	(0.69L)	nil	-	nil	nil	nil
Devro	Yr to Dec 31	98.4	(94.4)	29.1	(18)	16.4	(10.5)	4.7	May 24	-	7.05	-
EFM	Yr to Jan 31	23.9	(18.5)	13.7	(9.78)	48.7	(37.2)	16	May 4	18	24	22
Edinburgh Oil §	Yr to Dec 31	1.99	(2.39)	0.19	(0.16)	0.8	(0.93)	-	-	-	-	-
Erith	Yr to Dec 31	65.2	(68.3)	2.52	(1.09)	3.88	(1.74)	1.5	May 9	0.65	2.25	1
Lucas	6 mths to Jan 31	1,350	(1,190)	44.5♥	(20.1♥)	2.9	(1.7)	2.1†	July 3	2.1	-	7
Mansfield (John)	Yr to Dec 31	7.73	(6.88)	0.25	(0.089L)	0.44	(0.3L)	-	-	-	-	-
Metalrax	Yr to Dec 31	82.1	(71.3)	9.23	(8.02)	6.72	(5.91)	3	June 2	2.73*	4	3.64*
Newport	40 wks to Dec 31	1.12	(-)	0.1	(-)	1.56	(-)	0.5	May 11	-	0.5	-
Simon Engineering	Yr to Dec 31	314.2	(386.1)	18L♥	(160L♠)	15.2L	(154.3L)	nil	-	nil	-	nil
TDS Circuits §☆	Yr to Dec 31	7.83	(5.38)	0.429L	(0.498L)	7.48L	(8.28L)	-	-	-	nil	-
TT	Yr to Dec 31	397.3	(357.8)	35.6	(23.9♠)	18.2	(12.9)	3.3	May 26	2.67*	5.43	4.4*
VCI	Yr to Dec 31	60.1	(59.7)	5.77	(7.84)	16.2	(63.2)	4.2	May 30	-	4.2	-
Wilson Bowden	Yr to Dec 31	241.7	(185.1)	37.1	(31.2♥)	27.1	(22.4)	7.2	May 26	6.65	10.05	9.3

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Alliance Trust	Yr to Jan 31	1,877	(2,131)	27.5	(26.6)	53.23	(50.79)	35	Apr 28	32.5	50	47
Beacon	6 mths to Dec 31	100.78	(-)	0.141	(-)	0.74	(-)	-	-	-	-	-
Invesco Japan	42 wks to Jan 31	75.9	(95.1♦)	0.048	(-)	0.17	(-)	-	-	-	-	-
Law Debenture	Yr to Dec 31	613.5	(667.3)	5.34	(4.98)	23.48	(21.91)	13.75	Apr 29	12.75	20.5	19.25
Thornton Asian	Yr to Dec 31	121.6	(167.5)	1.06L	(0.89)	1.05	(0.88)	nil	-	0.5	nil	0.5

Dividends shown net. Figures in brackets are for corresponding period. †On increased capital. §USM stock. ♥After exceptional credit. ♠After exceptional charge. ★Comparatives for 7 months. *Adjusted for scrip issue. ♦As at August 8 1994. ☆Comparatives for 10 months.

COMMODITIES AND AGRICULTURE

LME aluminium price tumbles to 1995 low

By Kenneth Gooding, Mining Correspondent

Aluminium prices fell sharply on the London Metal Exchange yesterday to their lowest level so far this year and nearly 20 per cent below the peak reached in late January.

Heavy selling took the metal down to US$1,753 a tonne at one point. Then the fall was slowed by better-than-expected production statistics from the International Primary Aluminium Institute, and aluminium for delivery in three months closed at $1,760.50 a tonne, down $40 from Friday's close.

Mr Adam Rowley, analyst at Macquarie Equities, part of the Australian banking group, said the IPAI news was bullish, showing that annualised production in February fell to 17m tonnes from 17.22m in January. Production rates had increased in each of the previous four months.

"But the market is ignoring all bullish news, even the fact that LME stocks are falling at an incredibly fast rate. Until the March IPAI figures are published, the market will remain nervous," he predicted.

Mr Rowley said the speed of the price fall had taken Macquarie by surprise but it was still forecasting an average cash price of $1,763 for the year as a whole and expected a 1m tonne supply deficit. "But with 400,000 tonnes off LME stocks already, that might turn out to be an under-estimate."

Traders had expected the IPAI statistics to show an output increase because the international trade agreement reached in Brussels last year between some of the big aluminium producing countries was gradually unwinding.

Mr Wiktor Bielski, analyst at Bain & Company, a Deutsche Bank subsidiary, said that, although the agreement was slowly crumbling – four of the six signatory countries increased output in January – several big producers remained committed until stocks were equivalent to seven or eight weeks' consumption.

Farm produce buyers baulk at 'green hedges'

Financial products aimed at helping commodity users to cope with the vagaries of the EU agrimoney system have met a lukewarm response, writes James Harding

If evidence were needed of the opacity of Europe's agrimonetary system, no better could be found than the difficulty banks have had in trying to hedge against "green" exchange rate movements.

The performance of the first few financial products to manage green rate exposure in the face of recent turbulence in the European currency markets would suggest, however, that the banks are beginning to crack the problem.

In theory, this should be a boon to industrial users of commodities. The green exchange rate system, which translates ecu-denominated support prices for farm products into national currencies, is skewed towards devaluation and tends to have an inflationary effect on prices.

In practice, however, large-scale commodity buyers are sceptical. Even Mr Peter Wakefield at Morgan Grenfell, author of one of the green rate hedging mechanisms, acknowledges that "the takeoff has been slow".

So, have the banks finally come up with a value for money instrument that cushions buyers and sellers of agricultural produce against green rate volatility? Or are industrial users of commodities right to dismiss the new products and accept the price rises as one of the unpleasant facts of European life?

With three devaluations in green sterling in the past six weeks and a 7¼ per cent rise in the sterling value of EU farm supports over the past 12 months, the banks believe there is every reason that commodity buyers should be interested in green hedges.

The reratings of green currency, which have a direct effect on those commodities where prices are languishing at the EU's intervention rate, have forced the price of sugar per tonne in the UK, for example, up £16 since the beginning of February.

> 'There are very few products that allow companies to enter the market at a time of their own choosing'

Treasurers of sugar-buying companies are exasperated. One described the green exchange rate system as "a ridiculous, laughable shambles".

The banks basically offer two types of remedy.

First, the direct green forward contract. Developed by Morgan Grenfell, the green forward aims to do for commodity buyers and sellers what a simple currency forward does for any other industry.

Agricultural producers and industrial commodity users agree a future green rate, calculated by Morgan Grenfell, which attempts to replicate the European Commission's green rate fixing mechanism.

When the bank, acting as agent, can find a match, the green forward offers farmers the certainty of locking in projected price rises early and the buyers the benefits of an exact cover for their exposure.

However, that all depends on finding willing sellers. Morgan Grenfell can find many commodity buyers troubled by the inflationary effects of the agrimonetary system, but few farmers who feel the urge to hedge against the green rate movements that tend to deliver rising incomes.

"The problem at the moment is liquidity," says the treasurer of a leading biscuit company. "There are very few products that allow companies to enter the market at a time of their own choosing."

Another industry treasurer fears that any substantial changes to the agrimonetary system, prompted either by turmoil on the European crosses or political pressures in Brussels, could invalidate the contracts.

The alternative, then, is the proxy hedge. As exemplified by the HSBC markets, the capital markets arm of Midland Bank, green currency exposure management, this product is in effect a green rate option.

The bank calculates the future green rates from forecasts of future open currency rates, working on the assumption that the mechanism's bias towards devaluation will keep the green rates above the highest previous spot rates. Commodity users are offered "put" options on green sterling, the right to sell, on rising rates to cover their future exposures.

If the green rate and the high water mark on sterling-ecu moves in line, the hedge will cover total exposure. More likely, there will be some discrepancy and the instrument will meet up to 90 per cent of the exposure. And as the instrument is calculated on the back of projected movements in the open market, the bank is making the market and there is no problem with liquidity.

Midland Global Markets calculated that on a 1.21 per cent premium on a daily exposure of Ecu12m (£9.2m) between April and October 1994 the option would have paid out a total of £137,482 against an exposure of £154,021.

Industry treasurers, however, have their reservations. Many are cautious about buying into a product they readily admit they do not understand.

"The problem with the options based on future currency movements or calculated on the basis of correlations of movements in baskets of currencies is that they are very difficult to understand. Any corporate is worried about getting into bed with something they do not understand," according to one treasurer.

Those who do understand the products temper their enthusiasm, knowing that the options will not fully meet their exposures. Bankers acknowledge that a proxy hedge based on the previous highest spot rate cannot fully match the exact level of the green rate.

Ironically, the emergence of the green hedges, whose accuracy has more or less been proved by green rate changes in the last few weeks, may have come too late.

With hindsight, some companies say they would have done well to have bought the products last autumn to cover recent price rises; but they now believe the worst of the devaluation binge is over. The cost of buying a hedge now is not warranted by the projections for green devaluations.

That may be wishful thinking, say others. "If you look at the pound against the D-Mark over the last decade, the direction has been only one way," comments a chocolate maker. Considering that record and the structure of the agrimonetary system, the green hedge may yet take off.

Brazil/Ivory Coast cocoa plan greeted with scepticism

By James Harding

Leading cocoa producers' initiatives to control supply and target emerging markets met with scepticism from the markets and opposition from other growing countries yesterday.

Last week's proposal from the Ivory Coast and Brazil to use the International Cocoa Organisation's buffer stocks to develop demand in potential markets, particularly Russia and China, was derided by fellow delegates.

Officials reported that the future of the organisation's buffer stock was already set and that it could not be used for strategic sales.

"The future of the buffer stock has been decided," Mr Edouard Kouame, ICCO executive director was quoted as saying. "No one has the slightest intention of opening a discussion again," another official added.

Under the 1993 International Cocoa Agreement, ICCO members agreed to liquidate the buffer stock, which is being sold into the open market at a rate of 4,350 tonnes a month. At the beginning of last month there were over 150 000 tonnes remaining in the stock.

Mr Kouame left the door open for further development of the Brazilian/Ivorian suggestion, saying that although the disposal of the stock was decided, the future use of the proceeds was still up for discussion.

Meanwhile, market analysts responded coolly to a programme of production cuts aimed at reducing global output by 375,000 tonnes by 1998-99.

As part of the plan outlined by the leading producers at an ICCO meeting last week, Brazil pledged to maintain output at around 350,000 tonnes a year while boosting consumption to 100,000 tonnes from the current 72,000 tonnes.

Ghana plans to cut cocoa production by 10,000 tonnes a year, using policies including the suspension of subsidies for cocoa farmers, quality control and cutting out diseased trees. The Ivory Coast, the world's biggest producer, also indicated it would use quality control measures to limit exports.

Malaysia forecast falling output without active intervention, believing the recent trend in declining land used for cocoa production would continue.

Following high production figures from the Ivory Coast at the beginning of last week, cocoa traders were yesterday reluctant to believe the political commitments and said they would wait for signs of the squeeze in output.

Even officials of the ICCO cautioned against undue enthusiasm. One commented that the proposals "are going as far as one could expect. But we are at the start of this exercise. We could not expect miracles".

PNG plans gold mine flotation

By Nikki Tait in Sydney

The flotation of shares in Lihir Gold, the vehicle for the large Lihir gold project in Papua New Guinea's New Ireland province, is scheduled for the second half of 1995, Mr Geoff Loudon, chairman of Niugini Mining, said yesterday. Niugini Mining is one of the two original partners in the project, one of the largest impending gold mine developments outside South Africa.

Mr Loudon said that although the much-delayed special mining lease – essential for the project to proceed – was granted by PNG's governor general on Friday, 400 Lihirian landowners have yet to sign off on the deal. The current plan was to hold a second signing ceremony on Lihir, on Wednesday week. Mr Loudon admitted that further concessions might be sought over the next 10 days, describing the Lihirians as "excruciatingly good negotiators".

Under the new pre-float structure, the PNG government will acquire a 30 per cent interest in the project, of which half will be passed to landowners, while NML is lifting its stake from 20 to 30 per cent. This will leave RTZ with 40 per cent, although this interest is held by Southern Gold (Bahamas), in which Vengold, a Canadian company, has a 25 per cent stake.

After the float, the government and NML will be diluted back to 20 per cent; RTZ will have 27 per cent; and public investors, 33 per cent.

The total project cost, including US$36m of interest and financing charges, and a US$79m funding contingency, is put at US$786m. The project life is estimated at 37 years, with mining planned to last from 1997 to 2012, after which stockpiled ore will be processed.

Annual gold production will average 600,000 ounces in the first 15 years, and 220,000 ounces thereafter. Total cash operating costs are expected to average US$206 an ounce in the first 15 years and US$230 over the life of the project.

According to NML, there could be potential to "significantly expand production", and a formal feasibility study of expansion options must begin within three years of commercial production starting at the main pits.

Environmental issues have become acutely sensitive in PNG following the filing of a A$4bn compensation claim by locals against BHP, operator of the Ok Tedi copper mine. The Lihir mine is to discharge tailings (waste) into a sea trench, at a depth of 125m.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1719-20	1780-1
Previous	1760-1	1800-1
High/low		1795/1757
AM Official	1725.5-6.5	1767.5-8
Kerb close		1761-2
Open int.	207,987	
Total daily turnover	44,124	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1757-62	1760-5
Previous	1800-5	1800-5
High/low		1780/1745
AM Official	1770-80	1770-5
Kerb close		1760-70
Open int.	2,769	
Total daily turnover	1,208	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	574-5	586-8.5
Previous	578-9	592-3
High/low		590/583
AM Official	571-2	584.5-5
Kerb close		591-3
Open int.	37,779	
Total daily turnover	6,124	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7145-50	7280-5
Previous	7220-30	7350-60
High/low	7150/7140	7330/7200
AM Official	7140-5	7280-90
Kerb close		7320-30
Open int.	53,113	
Total daily turnover	9,779	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5490-500	5560-80
Previous	5500-20	5560-80
High/low		5580/5510
AM Official	5440-60	5510-20
Kerb close		5570-80
Open int.	20,084	
Total daily turnover	3,569	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1006-7	1033-4
Previous	1009-10	1035-6
High/low	1005.5	1040/1030
AM Official	1005-5.5	1032-2.5
Kerb close		1034-5
Open int.	97,631	
Total daily turnover	10,954	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2898-900	2880-2
Previous	2898-9	2891-2
High/low	2889	2887/2874
AM Official	2888.5-9	2878-9
Kerb close		2884-5
Open int.	228,315	
Total daily turnover	39,005	

■ LME AM Official £/$ rate: 1.5948
LME Closing £/$ rate: 1.5815

Spot:1.5800 3 mths:1.5786 6 mths:1.5751 9 mths:1.5709

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Mar	139.00	-0.40	139.60	138.30	3,635	734
Apr	136.95	+0.20	136.60	136.00	1,882	221
May	134.85	+0.70	135.35	133.25	23,611	5,815
Jun	132.70	+0.50	132.80	132.80	619	5
Jul	130.80	+0.45	131.20	128.75	6,978	652
Aug	128.90	+0.40	-	-	370	2
Total					46,169	7,949

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	382.30-382.70		
Opening	382.50-382.90		
Morning fix	382.45	242.118	445.210
Afternoon fix	382.20	241.440	444.193
Day's High	382.70-383.10		
Day's Low	381.70-382.10		
Previous close	382.80-383.20		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.71	6 months	4.60
2 months	4.08	12 months	5.10
3 months	4.26		

Silver Fix	p/troy oz.	US cts equiv.
Spot	295.15	468.00
3 months	298.95	473.60
6 months	304.00	480.55
1 year	315.85	496.10

Gold Coins	$ price	£ equiv.
Krugerrand	385-389	244-247
Maple Leaf	392.95-395.40	-
New Sovereign	89-92	56-59

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Mar	382.9	-0.5	-	-	-	-
Apr	383.5	-0.7	384.0	382.4	61,908	33,531
May	384.8	-0.7	-	-	20	20
Jun	386.2	-0.7	386.7	385.0	33,673	6,930
Aug	[illegible]					
Oct	[illegible]					
Total	[illegible]					

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.) [illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.) [illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.) [illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel) [illegible]

■ CRUDE OIL IPE ($/barrel) [illegible]

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.) [illegible]

■ GAS OIL IPE ($/tonne) [illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.) [illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.) [illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	113.00	-0.55	113.00	112.45	109	40
May	114.15	-0.80	114.10	113.75	1,925	128
Jul	115.40	-0.60	115.30	115.00	424	45
Sep	101.75	-0.45	101.80	101.50	306	10
Nov	[illegible]					
Jan	[illegible]					
Total	[illegible]					

■ WHEAT CBT (5,000bu min; cents/60lb bushel) [illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel) [illegible]

■ BARLEY LCE (£ per tonne) [illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel) [illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb) [illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton) [illegible]

■ POTATOES LCE (£/tonne) [illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point)

[illegible]						
Oct	1945	+5	1945	1940	942	9
Jan	1905	-5	1905	1905	310	10
Total					4,405	159

	Close	Prev
BFI	2280	2286

Tea

A fair demand prevailed, reports the Tea Brokers' Association. Best liquoring and good medium Africans again sold readily, often advancing by 2 to 3 pence. Plainer sorts were irregularly easier apart from selective coloury lines which moved slightly dearer. The few bright liquoring Ceylons available were a strong feature, selling well above valuation. Quotations: best available 155p/kg, good 128p/kg, good medium 117p/kg, medium 92p/kg, low medium 82p/kg. The highest price realised this week was 155p/kg for a Kenya pf.1.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	987	+5	994	984	2,119	297
May	993	+1	1003	989	20,581	1,353
Jul	1002	+3	1011	997	12,466	203
Sep	1010	+1	1020	1010	12,405	197
Dec	[illegible]					
Mar	[illegible]					
Total	[illegible]					

■ COCOA CSCE (10 tonnes; $/tonnes) [illegible]

■ COCOA (ICCO) (SDR's/tonne) [illegible]

■ COFFEE LCE ($/tonne) [illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs) [illegible]

■ COFFEE (ICO) (US cents/pound) [illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs) [illegible]

■ WHITE SUGAR LCE ($/tonne) [illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs) [illegible]

■ COTTON NYCE (50,000lbs; cents/lbs) [illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs) [illegible]

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100) [illegible]

■ CRB Futures (Base: 1967=100) [illegible]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	70.275	+0.475	70.850	69.350	36,379	12,030
Jun	64.375	+0.350	64.725	63.525	22,807	5,750
Aug	62.250	+0.300	62.500	61.575	8,272	2,152
Oct	63.800	+0.100	63.900	63.125	5,189	1,532
Dec	[illegible]					
Feb	[illegible]					
Total	[illegible]					

■ LIVE HOGS CME (40,000lbs; cents/lbs) [illegible]

■ PORK BELLIES CME (40,000lbs; cents/lb) [illegible]

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — Puts — [illegible]

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Apr) [illegible]

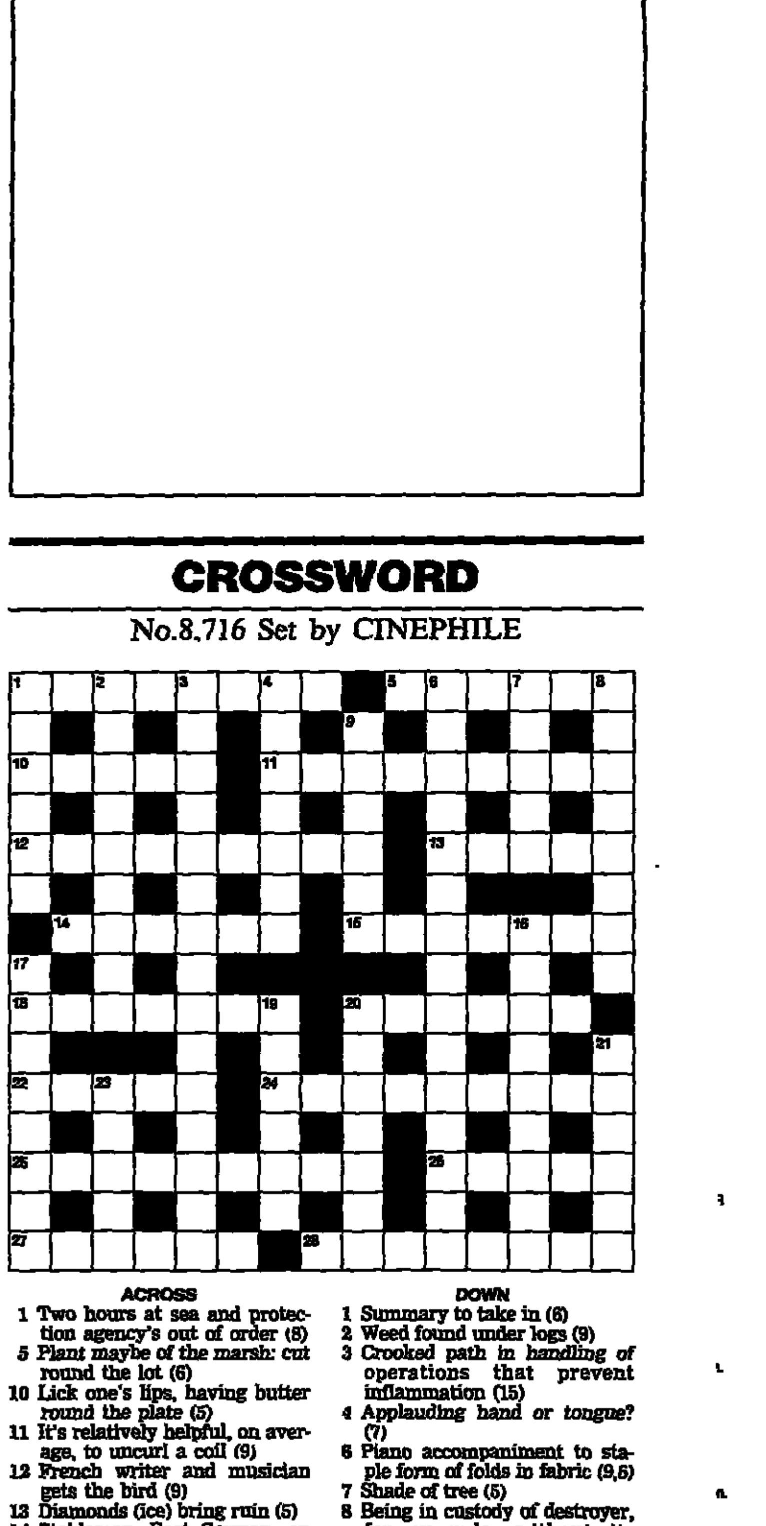
■ OIL PRODUCTS NWE prompt delivery CIF (tonne) [illegible]

■ OTHER [illegible]

JOTTER PAD

CROSSWORD

No.8,716 Set by CINEPHILE



ACROSS

1 Two hours at sea and protection agency's out of order (8)
5 Plant maybe of the marsh: cut round the lot (6)
10 Lick one's lips, having butter round the plate (5)
11 It's relatively helpful, on average, to uncurl a coil (9)
12 French writer and musician gets the bird (9)
13 Diamonds (ice) bring ruin (5)
14 Stahleman, East German, on the French road (6)
15 Religious reformer when last group left first (7)
18 See 9
20 Element in the Pax Americana, dare one say? (6)
22 Pictorial joke about transport (5)
24 Victim of March past? (5,4)
25 One fool, one friend – to begin with (9)
26 Reject the part of a cab horse (5)
27 The fat of the land, we hear (6)
28 Deliberate how to produce arum seed (8)

DOWN

1 Summary to take in (6)
2 Weed found under logs (9)
3 Crooked path in handling of operations that prevent inflammation (15)
4 Applauding hand or tongue? (7)
6 Piano accompaniment to staple form of folds in fabric (9,6)
7 Shade of tree (5)
8 Being in custody of destroyer, for example, without its leader (8)
9, 18 Light cast on information, after plenty to drink by the sound of it, maybe from car lamp (6-7)
16 Gaia, or Nature, or a fairy? (9)
17 Prince taking China tea (8)
19 Nobleman in New York? Not quite (6)
20 Scottish writer heard across the border (7)
21 Ornate as an American state? (6)
23 Girl of whom parents would be rid? (5)

Solution to Saturday's prize puzzle on Saturday April 1.
Solution to yesterday's prize puzzle on Monday April 3.

INTERNATIONAL CAPITAL MARKETS

Long-term Treasuries lower on dollar worries

By Lisa Bransten in New York and Conner Middelmann in London

Long-term US Treasury prices slipped yesterday morning while the short end of the spectrum was unchanged as the dollar rebounded slightly from record lows against the yen.

At midday, the benchmark 30-year Treasury was down $\frac{1}{32}$ at $102\frac{23}{32}$ to yield 7.382 per cent but the two-year note was unchanged at $100\frac{11}{32}$, yielding 6.663 per cent.

With no important economic figures released, traders focused on the dollar, which had fallen to a new post-war record low in overnight trading at Y88.65, before the Japanese central bank intervened to stabilise the US currency.

Late in the morning, the dollar was changing hands at Y89.40, up from Y89.10 late on Friday in New York.

In early trading, bonds gained with the dollar, but the Treasury market proved unable to hold on to the increases.

Thirty-year bonds fell more than the rest of the market as investors worried that a deteriorating dollar would erode the value of long-term holdings. A weak currency also deters foreigners from holding US securities.

The curve mapping the yield differential between two-year and 30-year Treasuries steepened from 69 basis points late Friday to 72 points with the weak performance of the long end of the market.

A steeper curve is usually interpreted to mean that market participants expect inflation, but analysts yesterday attributed the move to the weaker dollar, causing investors to demand a higher yield on long-term bonds.

GOVERNMENT BONDS

■ Europe's government bond markets consolidated yesterday, pausing for breath after last week's sharp gains.

Most European bond markets outperformed German bunds as the D-Mark softened slightly against several European currencies.

"On Friday people were rushing into D-Mark assets ahead of the weekend, and that was unwound this morning," said one dealer.

Turnover was thin, however, with investors discouraged from active dealings by fears of continued currency volatility.

■ UK gilts outperformed German bunds, boosted by the rebound in sterling against the D-Mark. The June long gilt futures contract on Liffe closed at $103\frac{1}{32}$, up $\frac{5}{32}$ on the day. The yield spread of the 10-year benchmark gilt over its German equivalent narrowed by five basis points to 147 points.

The Bank of England is today expected to announce the terms of next week's gilts auction, and most dealers are expecting £2bn-£2.5bn of the 8 per cent gilt due 2015.

On the data front, the latter part of the week should bring some excitement, with the relase on Thursday of February retail prices and the CBI monthly trends survey and fourth-quarter current account numbers on Friday.

"Domestic investors aren't going to do anything till Thursday," said one trader.

■ German government bonds ended the day a fraction higher, with the June bund futures contract on Liffe closing at 92.04, up 0.04 points.

While the market consolidated after last week's rally, futures dealers at Deutsche Bank in Frankfurt said they "still see a higher chance for an upward movement than a sharp retracement".

Dealers are looking to the release of February M3 and March consumer prices, expected this week.

■ French bonds also did better than their German counterparts, lifted by the franc's recovery. The French 10-year yield gap over bunds narrowed to 84 basis points from 87 points on Friday. The June notionnel bond future on Matif rose 0.18 to 112.16.

■ Italian bonds were also pulled higher by their currency, and the June BTP future on Liffe closed at 92.31, up 0.30.

Most traders will today be watching the release of preliminary cost of living data, which are expected to confirm Italy's rising inflation trend.

Nicaragua seeks $1.2bn debt relief

Nicaragua is to ask its Paris Club creditors to write off $1.2bn of its external debt, Reuter reports. The reduction is part of an overall strategy of reducing an $11.7bn debt to less than $3bn.

"What we need is to bring the debt down to levels similar to our national production so that we can be a country still highly indebted but at a normal, or sustainable, or payable level," said Mr Werner Ahlers, the country's director of foreign debt.

Nicaragua will then ask its other largest creditors, such as commercial banks and other Latin American countries, for favourable debt restructuring terms and seek a 95 per cent reduction of its $4.1bn debt owed to former eastern bloc nations, Mr Ahlers said.

If Nicaragua receives all it asks for, its debt service will be reduced from $250m a year to $120m.

The country's real debt service should be $800m a year, but Nicaragua has been paying only its debt to the Paris Club and multinational lending institutions such as the World Bank and International Monetary Fund, Mr Ahlers said.

Nicaragua owes $4.1bn to former communist countries, including $3.4bn to Russia.

In addition, some $700m of the country's Paris Club debt is owed to Germany for aid lent by the former East Germany, according to a government report which will be distributed at a meeting of the Paris Club.

The debt was incurred in the 1980s by Nicaragua's left-wing Sandinista government during its war against US-armed insurgents, known as the Contras.

Repsol in 25m share ADS issue

Repsol, the Spanish integrated oil group, has filed to offer 25m American depositary shares on behalf of Insituto Nacional de Hidrocarburos, a Spanish governmental agency, AP-DJ reports.

In a submission to the US Securities and Exchange Commission, the company said that the ADS filing is part of global share offering comprising a total of 40.5m ordinary shares.

Goldman Sachs International and Banco Bilbao Vizcaya are the global co-ordinators of the issue.

The American depositary share offering is being underwritten by Goldman Sachs, CS First Boston, Merrill Lynch, Morgan Stanley, and Howard Weil Labouisse Friedrichs. There is an over-allotment, or 'greenshoe', option for 4.5m shares.

Spain will continue to hold a 26.5 per cent interest in Repsol after the offering.

Denmark brings zero-coupon deal in D-Marks

By Antonia Sharpe

Investor demand in Europe and Asia for bonds denominated in D-Marks prompted two well-known issuers to tap that sector of the eurobond market yesterday.

INTERNATIONAL BONDS

The Kingdom of Denmark launched a DM500m zero-coupon deal with a maturity of just under three years, via Daiwa, while Philips Electronics issued a DM300m 10-year deal via Dresdner Bank.

Denmark's deal continues a trend of zero-coupon eurobond issues targeted at Japanese investors, who like the capital gains tax exemptions.

Daiwa, which has issued more than $3bn worth of zero-coupon bonds in recent months, said that Denmark's deal was the first to be denominated in the German currency. In the past, these deals have been issued mainly in US or Australian dollars.

Daiwa noted that there was a strong belief among Japanese investors that the D-Mark would outperform the dollar in the next few months and that it would remain the anchor currency for the foreseeable future. Denmark is believed to have kept the proceeds of the deal in D-Marks.

Philips, which is seen as an improving credit as a result of its successful turnround in recent years, chose to go for the 10-year area of the yield curve, which has seen less supply than the five-year area. Its credit rating is currently BBB/A3. The bonds were priced to yield 63 basis points over bunds and the spread was barely changed in the late afternoon.

The D-Mark sector is expected to see further issuance over the coming weeks. The Spanish region of Valencia, which surprised some in the eurobond market by inviting a total of 36 banks to bid for its forthcoming D-Mark deal, is looking to raise DM260m. The region has since narrowed its selection to six banks.

Meanwhile, bankers are waiting to see who will win the mandate for the World Bank's DM3bn 10-year global bond offering, which is expected to be launched at the start of April.

Deutsche Bank and Goldman Sachs have won the mandate to arrange a $500m 10-year issue for Inter-American Development Bank.

The deal, which is expected to be launched tomorrow, is likely to be priced to yield around 23 basis points over treasuries.

The firm treasury market prompted Nordic Investment Bank to raise $200m through an offering of 10-year eurobonds priced to yield 25 basis points over treasuries.

The slight widening of the spread to 30 basis points suggested that the pricing was ambitious.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
PBCCMT, Tranche A(a)‡	380	(a1,s)	(a1)	Oct.2000	undiscl.	-	Goldman Sachs International
PBCCMT, Tranche B(a)‡	20	(a1,s)	(a1)	Oct.2000	undiscl.	-	Goldman Sachs International
Nordic Investment Bank	200	7.50	99.801R	Apr.2005	0.325R	+28(7¾%-05)	Nikko Europe
YEN							
STB Finance Cay. S1(b,s)*	20bn	4.80	100.30	Jun.2005	0.30	-	Daiwa Europe
STB Finance Cay. S2(b)*‡	8bn	(b1)	100.00	Jun.2005	0.30	-	Sumitomo Trust International
STB Finance Cay. S3(b2)*‡	6bn	(b3)	100.00	Jul.2005	0.30	-	Sumitomo Trust International
Asahi Finance(Cayman)(c)*	25bn	(c1)	100.00	Jun.2005	none	-	Salomon Brothers Int.
D-MARKS							
Kingdom of Denmark*	500	zero	88.15	Jan.1998	1.25	-	Daiwa Europe(Deutschland)
Philips Electronics	300	7.75	98.875R	Apr.2005	0.425R	+63(7¾%-05)	Dresdner Bank
SWISS FRANCS							
Oesterreichische Postsparkasse	200	5.375	103.55	May.2005	2.75	-	Credit Suisse
GUILDERS							
Sudwestdeutsche Landesbank	250	7.125	99.80R	Apr.2001	0.275R	+20(6¾%-01)	Rabobank Nederland
LUXEMBOURG FRANCS							
SNS Groep	2bn	7.875	102.45	Apr.1999	1.625	-	Bacob Bank Luxembourg

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ‡Unlisted. ◊Floating-rate note. R: fixed re-offer price; fees shown at re-offer level. a) People's Bank Credit Card Master Trust. Legal maturity: 15.5/03. Av.life: 5 yrs. 10% cleanup call. a1) Priced later at discounted margin of 1-mth Libor +19bp. b) Callable on 30/6/00 at par. b1) 3-mth Libor +17½bp to 30/6/00 and +40bp thereafter. b2) Callable on 31/7/00 at par. b3) 3-mth Libor +17½bp to 31/7/00 and +40bp thereafter. Long 1st. c) Callable on coupon dates from 30/6/00 at par. c1) 5% to 30/6/00 and 5.1% thereafter. s Short 1st coupon.

Medium-sized company index for Paris bourse

By Andrew Jack in Paris

The Paris stock exchange is to launch in May an index to measure the performance of medium-sized quoted companies.

The "Midcac" is designed to show the share price changes of the 100 most typical companies on the exchange, while stripping out less representative and exceptional stocks.

The Paris bourse's scientific indices council, after initially meeting in mid-January to discuss the proposal, have determined final selection criteria.

The new index builds on the success of the CAC-40, the index of the leading 40 quoted companies on the bourse, as well as the SBF 120 and the SBF 250, containing larger baskets of stocks.

The bourse has developed the Midcac in response to interest from French and foreign fund managers who wanted more information on a category of shares with distinct characteristics not reflected in the current indices.

To select the components of the index – which will change over time – the council eliminated companies with a capitalisation in the top or bottom 20 per cent of the market, or those only recently quoted. It also removed property and financial sector stocks.

The initial 100 companies include Europe 1, a radio station; Gaumont, the cinema chain; Infogrames Entertainment, a software manufacturer; Moulinex, the electrical goods maker; Naf Naf, the retail clothing chain; and Skis Rossignol, the ski manufacturer.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	92.7000	-0.340	10.22	10.13	10.14
Austria		7.500	01/05	100.4400	-0.050	7.43	7.63	7.62
Belgium		7.750	10/04	97.8500	+0.540	8.07	8.31	8.21
Canada *		9.000	12/04	102.1000	-0.100	8.67	8.55	8.92
Denmark		7.000	12/04	87.4500	+0.050	8.98	9.19	8.83
France	BTAN	8.000	05/98	101.0300	+0.050	7.59	7.60	7.27
	OAT	7.500	04/05	96.8000	-0.280	7.98	8.20	7.95
Germany Bund		7.375	01/05	101.6100	+0.190	7.13	7.37	7.39
Ireland		6.250	10/04	82.3500	-0.450	6.91†	6.81	8.79
Italy		9.500	01/05	79.6800	-0.040	13.27	13.11	11.84
Japan	No 119	4.800	06/99	106.1940	+0.309	3.21	3.47	3.99
	No 174	4.600	09/04	104.4120	-0.350	3.96	4.05	4.65
Netherlands		7.750	03/05	102.8200	-	7.34	7.53	7.53
Portugal		11.875	02/05	99.3500	-0.200	11.98	12.00	11.65
Spain		10.000	02/05	85.1800	-0.970	12.68	12.31	11.51
Sweden		6.000	02/05	69.2800	-0.193	11.32	11.20	10.74
UK Gilts		6.000	08/99	91-16	-6/32	8.36	8.60	8.44
		8.500	12/05	100-12	+10/32	8.44	8.67	8.49
		9.000	10/08	104-14	+9/32	8.44	8.65	8.48
US Treasury *		7.500	02/05	102-23	-4/32	7.11	7.20	7.52
		7.625	02/25	102-29	-3/32	7.38	7.46	7.64
ECU (French Govt)		6.000	04/04	84.6500	+0.120	8.49	8.71	8.39

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
		One month	5.99	Two year	6.68
Prime rate	9	Two month	5.93	Three year	6.80
Broker loan rate	$6\frac{1}{2}$	Three month	5.92	Five year	6.95
Fed.funds	6	Six month	6.16	10-year	7.11
Fed.funds at intervention	-	One year	6.37	30-year	7.37

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	111.98	112.16	+0.18	112.40	111.96	95,021	118,046
Sep	111.70	111.88	+0.16	111.96	111.70	1,486	5,590
Dec	111.60	111.78	+0.16	111.60	111.60	2	1,539

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Apr	Calls Jun	Calls Sep	Puts Apr	Puts Jun	Puts Sep
110	2.26	2.70	-	0.07	0.53	1.02
111	1.37	-	-	0.16	0.77	1.37
112	0.63	1.33	1.74	0.43	1.13	-
113	0.20	0.80	-	0.98	-	-
114	-	0.45	0.86	-	-	-

Est. vol. total, Calls 11,427 Puts 15,387. Previous day's open int., Calls 156,011 Puts 211,955.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.01	92.04	+0.04	92.20	91.87	82876	185154
Sep	91.52	91.54	+0.04	91.52	91.52	170	1975

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
9200	0.30	0.68	0.93	1.08	0.26	0.64	0.89	1.54
9250	0.11	0.46	0.69	0.88	0.57	0.92	1.15	1.84
9300	0.03	0.29	0.50	0.70	0.99	1.25	1.46	2.16

Est. vol. total, Calls 10367 Puts 7227. Previous day's open int., Calls 159861 Puts 142930

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.20	92.31	+0.30	92.84	92.09	31638	52244
Sep		91.71	+0.70			0	37

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
9200	2.18	2.78	1.87	3.07
9250	1.92	2.55	2.11	3.34
9300	1.67	2.34	2.36	3.63

Est. vol. total, Calls 718 Puts 604. Previous day's open int., Calls 37196 Puts 25706

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF) (Mar 17)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	81.38	80.58	-0.89	81.45	80.55	51,989	41.730

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	102-30	103-00	+0-10	103-04	102-30	399	14552
Jun	102-27	103-08	+0-10	103-14	102-26	27875	85897

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
103	0-31	1-05	1-31	2-04	0-19	0-57	1-19	2-06
104	0-07	0-39	0-63	1-39	0-59	1-27	1-51	2-41
105	0-01	0-20	0-40	1-15	1-53	2-08	2-28	3-17

Est. vol. total, Calls 1710 Puts 1175. Previous day's open int., Calls 36181 Puts 51982

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	81.78	81.88	+0.10	82.06	81.78	1,663	8,403

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	104-31	105-00	+0-01	105-05	104-26	22,312	31,478
Jun	104-12	104-15	+0-02	104-19	104-07	565,324	324,845
Sep	104-06	104-02	+0-02	104-06	104-02	2,686	14,962

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	112.27			112.30	112.09	1573	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Mar 20	Day's change %	Fri Mar 17	Accrued interest	xd adj. ytd		Low coupon yield Mar 20	Low Mar 17	Low Yr. ago	Medium coupon yield Mar 20	Medium Mar 17	Medium Yr. ago	High coupon yield Mar 20	High Mar 17	High Yr. ago
1 Up to 5 years (24)	119.58	-0.07	119.50	1.74	2.53	5 yrs	8.41	8.44	6.73	8.44	8.47	6.96	8.59	8.62	7.07
2 5-15 years (21)	140.69	-0.25	140.62	1.52	3.19	15 yrs	8.35	8.38	7.48	8.45	8.49	7.58	8.67	8.70	7.83
3 Over 15 years (9)	157.25	-0.23	156.89	1.33	4.05	20 yrs	8.35	8.35	7.60	8.45	8.49	7.60	8.61	8.63	7.85
4 Irredeemables (6)	181.26	-0.33	181.32	2.95	1.47	Irred.†	8.28	8.38	7.72						
5 All stocks (60)	137.52	+0.15	137.39	1.75	3.09										

Index-linked							Inflation 5% Mar 20	Mar 17	Yr. ago	Inflation 10% Mar 20	Mar 17	Yr. ago
6 Up to 5 years (2)	190.41	-0.03	190.35	0.83	1.45	Up to 5 yrs	3.57	3.57	2.75	2.30	2.30	1.92
7 Over 5 years (11)	175.69	-0.13	175.45	0.62	1.23	Over 5 yrs	3.85	3.85	3.37	3.67	3.68	3.21
8 All stocks (13)	176.31	-0.12	176.09	0.55	1.29							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Mar 20	Mar 17	Mar 16	Mar 15	Mar 14	Yr ago	High*	Low*
Govt. Secs. (UK)	91.88	91.86	92.01	91.74	91.52	99.52	107.04	83.54
Fixed Interest	110.29	110.39	110.23	109.83	109.54	119.46	132.87	105.50

GILT EDGED ACTIVITY INDICES

	Mar 17	Mar 16	Mar 15	Mar 14	Mar 13
Gilt Edged bargains	95.2	87.9	133.1	83.0	104.1
5-day average	100.6	111.9	135.9	131.2	134.7

* for 1994/5. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on March 20

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury $8\frac{1}{2}$ 03	1000	$92\frac{1}{2}$	$92\frac{3}{4}$	$-\frac{1}{8}$	7.77
Alberta Province $7\frac{5}{8}$ 98	1000	$100\frac{7}{8}$	$101\frac{1}{4}$	$-\frac{1}{8}$	7.32
Austria $8\frac{1}{2}$ 00	400	$104\frac{3}{4}$	105	$-\frac{1}{8}$	7.29
Baden-Wuertt L-Finance $8\frac{1}{8}$ 00	1000	$103\frac{1}{4}$	$103\frac{5}{8}$		7.30
Bank Ned Gemeenten 7 99	1000	$99\frac{1}{2}$	$99\frac{3}{4}$	$-\frac{1}{8}$	7.12
Bank of Tokyo $8\frac{3}{8}$ 96	100	$101\frac{1}{4}$	$101\frac{5}{8}$	$+\frac{1}{8}$	7.07
Belgium $5\frac{1}{2}$ 03	1000	$86\frac{3}{8}$	$86\frac{3}{4}$	$-\frac{1}{4}$	7.71
BFCE $7\frac{3}{4}$ 97	150	$101\frac{1}{4}$	$101\frac{5}{8}$	$-\frac{1}{8}$	7.04
British Gas 0 21	1500	$12\frac{1}{2}$	$12\frac{5}{8}$		8.12
Canada $6\frac{1}{2}$ 97	2000	$98\frac{3}{8}$	$98\frac{7}{8}$		7.09
Cheung Kong Fin $5\frac{1}{2}$ 98	500	$90\frac{3}{4}$	$91\frac{1}{4}$		8.63
China $6\frac{1}{2}$ 04	1000	$87\frac{5}{8}$	$88\frac{1}{8}$	$-\frac{1}{8}$	8.73
Council Europe 8 98	100	$101\frac{1}{4}$	$101\frac{1}{2}$		6.97
Credit Foncier $9\frac{1}{2}$ 99	300	107	$107\frac{3}{8}$	$-\frac{1}{8}$	7.38
Denmark $5\frac{3}{4}$ 98	1000	$95\frac{1}{2}$	$95\frac{3}{4}$		7.11
East Japan Railway $6\frac{5}{8}$ 04	600	$93\frac{1}{8}$	$93\frac{1}{2}$	$-\frac{1}{8}$	7.71
ECSC $8\frac{1}{4}$ 96	193	$101\frac{3}{4}$	$102\frac{1}{4}$	$+\frac{1}{8}$	7.08
EEC $8\frac{1}{4}$ 96	100	$101\frac{1}{2}$	$101\frac{3}{4}$		6.91
EIB $7\frac{3}{4}$ 98	250	$101\frac{1}{8}$	$101\frac{1}{2}$		6.77
EIB $9\frac{1}{4}$ 97	1000	$105\frac{1}{8}$	$105\frac{3}{8}$		7.04
Elec de France 9 98	200	$104\frac{5}{8}$	$105\frac{1}{8}$		7.22
Ex-Im Bank Japan 8 02	500	$102\frac{1}{2}$	$102\frac{7}{8}$	$-\frac{1}{4}$	7.53
Export Dev Corp $9\frac{1}{2}$ 98	150	$106\frac{1}{4}$	$106\frac{5}{8}$	$-\frac{1}{8}$	7.28
Federal Natl Mort 7.40 04	1500	$100\frac{1}{4}$	$100\frac{1}{2}$	$-\frac{1}{4}$	7.50
Finland $6\frac{3}{4}$ 97	3000	$99\frac{1}{4}$	$99\frac{1}{2}$		7.24
United Kingdom $7\frac{1}{4}$ 97	5500	102	$102\frac{1}{4}$	$-\frac{1}{8}$	6.25
Volkswagen Intl Fin 7 03	1000	$95\frac{5}{8}$	$95\frac{7}{8}$	$+\frac{1}{2}$	7.56
World Bank 0 15	2000	$22\frac{1}{2}$	$22\frac{3}{4}$	$-\frac{1}{2}$	7.45
World Bank $6\frac{3}{8}$ 03	3000	$90\frac{7}{8}$	$91\frac{1}{8}$		7.33
World Bank $8\frac{3}{4}$ 30	1250	$110\frac{1}{4}$	$110\frac{3}{4}$	-1	6.32
SWISS FRANC STRAIGHTS					
Asian Dev Bank 6 10	100	103	$103\frac{1}{2}$		5.70
Austria $4\frac{1}{2}$ 00	1000	$99\frac{1}{2}$	$99\frac{5}{8}$	$+\frac{1}{2}$	4.61
Council Europe $4\frac{1}{2}$ 98	250	$100\frac{1}{2}$	101		4.56
Denmark $4\frac{1}{4}$ 99	1000	$98\frac{1}{2}$	$98\frac{3}{4}$	$+\frac{1}{4}$	4.62
EIB $6\frac{1}{4}$ 04	300	$108\frac{1}{2}$	$109\frac{1}{2}$		6.57
Elec de France $7\frac{1}{4}$ 06	100	110	$110\frac{3}{4}$		5.98
Finland $7\frac{1}{4}$ 99	300	$108\frac{1}{2}$	$108\frac{3}{4}$		5.10
Hyundai Motor Fin $8\frac{1}{2}$ 97	100	$105\frac{1}{2}$			6.01
Iceland $7\frac{5}{8}$ 00	100	109	110		5.82
Kobe $6\frac{5}{8}$ 01	240	$106\frac{1}{4}$	$106\frac{3}{4}$		5.19
Ontario $6\frac{1}{4}$ 03	400	$102\frac{1}{2}$	$102\frac{3}{4}$		5.84
Quebec Hydro 5 08	100	$87\frac{1}{4}$	$87\frac{3}{4}$	$+\frac{1}{4}$	6.48
SNCF 7 04	450	111	112		5.48
World Bank 5 03	150	$99\frac{1}{2}$	100	$+\frac{1}{2}$	5.07
World Bank 7 01	600	$108\frac{1}{2}$	109		5.30
YEN STRAIGHTS					
Belgium 5 99	75000	107	$107\frac{1}{4}$	$-\frac{1}{8}$	3.37
EIB $6\frac{5}{8}$ 00	100000	$114\frac{1}{8}$	$114\frac{3}{8}$	$-\frac{1}{8}$	3.49
Finland $6\frac{3}{4}$ 96	50000	$104\frac{1}{2}$	$104\frac{3}{4}$		2.21
Abbey Natl Treasury 8 03 £	1000	$93\frac{1}{8}$	$93\frac{3}{8}$		9.25
Alliance Leics $11\frac{1}{8}$ 97 £	100	$105\frac{3}{8}$	$105\frac{5}{8}$	$+\frac{1}{8}$	8.49
British Land $8\frac{7}{8}$ 23 £	150	$89\frac{1}{4}$	$89\frac{3}{4}$	$-\frac{1}{8}$	10.27
Denmark $6\frac{3}{4}$ 98 £	800	$94\frac{3}{8}$	$94\frac{5}{8}$		8.69
EIB 6 03 £	1000	$94\frac{3}{4}$	$94\frac{7}{8}$	$+\frac{1}{8}$	8.92
Halifax $10\frac{3}{8}$ 97 £	100	$103\frac{1}{2}$	$103\frac{3}{4}$		8.35
Hanson $10\frac{3}{8}$ 97 £	500	$103\frac{3}{8}$	$103\frac{3}{4}$		8.91
HSBC Holdings 11.69 02 £	153	$109\frac{7}{8}$	$110\frac{3}{8}$	$+\frac{1}{8}$	9.73
Italy $10\frac{1}{2}$ 14 £	400	$104\frac{1}{2}$	$104\frac{3}{4}$	$-\frac{1}{8}$	9.95
Japan Dev Bk 7 00 £	200	$92\frac{1}{2}$	$92\frac{3}{4}$		8.74
Land Secs $9\frac{1}{2}$ 07 £	200	$99\frac{3}{4}$	$100\frac{1}{4}$	$+\frac{1}{4}$	9.53
Ontario $11\frac{1}{8}$ 01 £	100	$108\frac{1}{2}$	$108\frac{7}{8}$	$-\frac{1}{8}$	9.18
Powergen $8\frac{7}{8}$ 03 £	250	98	$98\frac{1}{4}$	$+\frac{1}{8}$	9.24
Severn Trent $11\frac{1}{2}$ 99 £	150	$108\frac{1}{2}$	$108\frac{7}{8}$		9.00
Tokyo Elec Power 11 01 £	150	$108\frac{7}{8}$	$109\frac{1}{8}$		9.05
Abbey National 0 96 NZ$	100	87	$87\frac{3}{4}$		9.47
TCNZ Fin $9\frac{1}{4}$ 02 NZ$	75	$101\frac{1}{8}$	$102\frac{1}{8}$		9.02
Credit Local 6 01 FFr	7000	$89\frac{5}{8}$	$89\frac{7}{8}$	$+\frac{1}{8}$	8.07
Elec de France $8\frac{3}{4}$ 22 FFr	3000	102	$102\frac{1}{2}$		8.55
SNCF $9\frac{1}{4}$ 97 FFr	4000	$102\frac{5}{8}$	103		7.81
[illegible]					

FLOATING RATE NOTES

	Issued	Bid	Offer	C.cpn
Abbey Natl Treasury $-\frac{1}{16}$ 99	1000	99.58	99.66	6.2500
Belgium $\frac{1}{16}$ 97 DM	500	100.09	100.19	5.3750
BFCE -0.02 96	350	99.85	99.96	6.2300
[illegible]				

CONVERTIBLE BONDS

	Issued	Conv. Price	Bid	Offer	Prem.
[illegible]					

Notes: STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+ or –	1994/95 High	1994/95 Low
Shorts" (Lives up to Five Years)							
Exch 3pc Gas 1990-95		3.01	5.84	$99\frac{5}{8}$	$+\frac{1}{32}$	$103\frac{1}{4}$	$97\frac{1}{4}$
$10\frac{1}{4}$pc 1995		10.12	6.45	$101\frac{9}{32}$	—	$107\frac{23}{32}$	$101\frac{3}{16}$
Treas $12\frac{3}{4}$pc 1995‡‡		12.29	6.72	$103\frac{3}{4}$	—	$113\frac{5}{8}$	$103\frac{3}{4}$
14pc 1996		13.25	6.88	$105\frac{11}{16}$	$-\frac{1}{16}$	$117\frac{7}{16}$	$105\frac{15}{32}$
[illegible]							

	Notes	Yield Int	Yield Red	Price £	+ or –	1994/95 High	1994/95 Low
Conversion $9\frac{1}{2}$pc 2004		8.95	8.55	106xd	$+\frac{11}{32}$	$125\frac{3}{4}$	$101\frac{13}{16}$
Treas $6\frac{3}{4}$pc 2004‡‡		7.59	8.46	$88\frac{7}{8}$	$+\frac{1}{4}$	$105\frac{7}{8}$	$84\frac{23}{32}$
$8\frac{1}{2}$pc 2005‡‡		8.46	8.43	$100\frac{1}{2}$	$+\frac{3}{16}$	$100\frac{23}{32}$	97
Conv $9\frac{1}{2}$ pc 2005		8.92	8.52	106xd	$+\frac{1}{4}$	$125\frac{1}{2}$	$102\frac{1}{4}$
[illegible]							

	Notes	Yield (1)	Yield (2)	Price £	+ or –	1994/95 High	1994/95 Low
Index-Linked (b)							
2pc '96	(67.9)	1.91	3.46	$205\frac{11}{16}$	$+\frac{1}{8}$	$205\frac{11}{16}$	$197\frac{7}{32}$
$4\frac{5}{8}$pc '98‡‡	(135.6)	2.82	3.66	$107\frac{23}{32}$	$+\frac{1}{32}$	$113\frac{7}{32}$	$106\frac{3}{4}$
$2\frac{1}{2}$pc '01	(78.3)	3.41	3.81	168xd	$+\frac{1}{8}$	$176\frac{5}{8}$	$163\frac{1}{16}$
$2\frac{1}{2}$pc '03	(78.8)	3.51	3.83	$164\frac{3}{8}$	$+\frac{1}{8}$	$173\frac{5}{8}$	$159\frac{3}{8}$
[illegible]							

Other Fixed Interest

	Notes	Yield Int	Yield Red	Price £	+ or –	1994/95 High	1994/95 Low
[illegible]							

• "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock.

CURRENCIES AND MONEY

MARKETS REPORT

Currency markets return to consolidation mode

Currency markets took a breather yesterday after the hectic price movements of last week, *writes Philip Gawith.*

What the markets lacked in activity, the politicians made up for with words. The meeting in Brussels of European Community finance ministers provided renewed focus for discussion of potential multi-lateral action to stabilise foreign exchange markets.

From the market's perspective, yesterday was only an interruption in hostilities. There are very few participants who believe that the recent period of turbulence is over. Indeed, there are many who think that the european exchange rate mechanism will not survive this latest bout of volatility in its current form.

The dollar had a fairly steady day after touching a new post-war low of Y88.65 against the yen during Asian trading. It closed in London at Y89.425 and DM1.3973, from Y89.575 and DM1.3882 on Friday.

In Europe the D-Mark was easier across the board as investors and traders chose to take profits after its recent strong gains. The lira finished at L1,240, from L1,250 against the D-Mark, while the French franc closed at FFr3.563 from FFr3.574.

Sterling had a sharp rally in the morning – gaining 1½ cents and 3 pfennigs to reach $1.59 and DM2.23 – before giving up its gains later to close at DM2.2105 and $1.582. The morning move appeared to be a correction following Friday's heavy losses, rather than any change in trend.

The Mexican peso had a much better day, finishing at 6.85 pesos against the dollar, from 7.27 pesos. In South Africa, the arrival of the Queen coincided with the rand dropping to R3.6283, from R3.5725, against the dollar.

■ With trading fairly quiet, the main focus of activity was on the flow of comments emerging from Brussels. Consensus that the dollar was undervalued did not extend to agreement about what should be done.

What did emerge, though, was that France, which currently holds the six-month rotating presidency of the EU council of ministers, would ask G 7 finance ministers to discuss monetary co-ordination when they next meet in May.

Adding his voice to these issues was Mr Hans Tietmeyer, president of the Bundesbank. Talking to journalists at Gutersloh in Germany, he said that current dollar rates were "clearly overshot", while tensions in the ERM were "temporary".

"We in Europe are still interested in a stable dollar," said Mr Tietmeyer, adding that the US government needed to make the same point. Part of this, he said, involved tackling the "fundamental problems" of the American economy. Mr Tietmeyer reiterated his view that 1999 was the more likely date (than 1997) for European Monetary Union.

Earlier Mr Pedro Solbes, the Spanish finance minister, had said he was determined to keep the peseta within the ERM. Mr Solbes had recently sounded ambiguous on the point, contributing to peseta weakness. Yesterday it finished at Pta92.08, from Pta92.81, against the D-Mark.

Also speaking in Brussels was Mr Eduardo Catroga, the Portuguese finance minister. He said it was time markets started to look at the escudo as an independent currency, and not simply as an appendage to the peseta. Portugal was reportedly angry earlier this month at having to devalue the escudo simply because the peseta was devaluing.

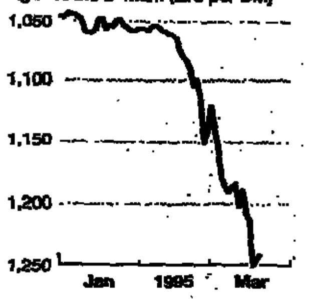
■ Although rate movements, measured from the end of one trading day to the next, have calmed down in recent days, intra-day volatility remains high. This is in large part due to thin trading conditions, with many participants nervous of taking large positions.

Mr Tony Norfield, UK treasury economist at ABN AMRO in London, said: "There is a feeling that exchange rate moves have generally been overdone, but not enough confidence to take a big position now." Mr Joe Prendergast, currency strategist at Paribas Capital Markets, said there had been a lot of "post-weekend profit taking", which accounted for the generally weaker tone of the D-Mark.

■ The Bank of England provided £395m late assistance, and £169m at established rates, after forecasting a daily shortage of £550m. Three month LIBOR maintained its recent soft tone, trading at 6$\frac{21}{32}$ per cent.

Lira

Against the D-Mark (Lire per DM)



Source: FT Graphite

■ **Pound in New York**

Mar 20	Latest	Prev. close
£ spot	1.5760	1.5845
1 mth	1.5758	1.5843
3 mth	1.5748	1.5830
1 yr	1.5628	1.5704

■ **OTHER CURRENCIES**

Mar 20	£	$
Hungary	186.000 - 188.264	117.610 - 117.710
Iran	2766.04 - 2767.63	1748.00 - 1750.00
Kuwait	0.4669 - 0.4674	0.2952 - 0.2954
Poland	3.7165 - 3.7250	2.3500 - 2.3540
Russia	7614.53 - 7614.94	4812.00 - 4815.00
U.A.E.	5.8070 - 5.8118	3.6718 - 3.6726

POUND SPOT FORWARD AGAINST THE POUND

Mar 20		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.5600	+0.1014	495 - 705	15.7106	15.4403	15.5476	1.0	15.5138	1.2	-	-	108.4
Belgium	(BFr)	45.6472	+0.2348	263 - 681	46.0750	45.3950	45.6822	-0.4	45.6272	0.2	45.3172	0.7	110.8
Denmark	(DKr)	8.8749	+0.0199	702 - 796	8.9572	8.8324	8.8867	-1.6	8.8676	0.3	8.8464	0.3	108.6
Finland	(FM)	6.9267	+0.0428	200 - 334	6.9900	6.8840	-	-	-	-	-	-	86.7
France	(FFr)	7.8751	+0.0261	714 - 788	7.9425	7.8335	7.8925	-2.7	7.9166	-2.2	7.8959	-0.3	109.3
Germany	(DM)	2.2105	+0.0142	090 - 119	2.2329	2.1947	2.2077	1.5	2.2017	1.6	2.1648	2.1	114.7
Greece	(Dr)	362.662	+2.687	480 - 844	364.798	359.272	-	-	-	-	-	-	69.0
Ireland	(I£)	0.9980	-0.0037	974 - 985	1.0070	0.9953	0.9973	0.8	0.9967	0.5	0.9981	0.0	95.9
Italy	(L)	2741.48	-4.31	995 - 301	2797.47	2729.55	2755.63	-6.2	2779.33	-5.5	2866.88	-4.6	64.3
Luxembourg	(LFr)	45.6472	+0.2348	263 - 681	46.0750	45.3950	45.6822	-0.4	45.6272	0.2	45.3172	0.7	110.8
Netherlands	(Fl)	2.4796	+0.0156	785 - 807	2.5028	2.4569	2.4768	1.4	2.4703	1.5	2.4313	1.9	111.0
Norway	(NKr)	9.8929	+0.0371	885 - 973	9.9928	9.8611	9.8835	1.1	9.8676	1.0	9.7638	1.3	100.1
Portugal	(Es)	233.891	+1.036	746 - 037	236.219	232.960	234.686	-4.1	236.396	-4.3	-	-	97.2
Spain	(Pta)	203.597	-0.27	460 - 734	206.121	201.990	204.227	-3.7	205.327	-3.4	209.952	-3.1	77.7
Sweden	(SKr)	11.5032	+0.0454	940 - 124	11.6050	11.4621	11.5053	-0.2	11.5092	-0.2	11.5209	-0.2	78.7
Switzerland	(SFr)	1.8390	+0.0126	377 - 402	1.8556	1.8243	1.8346	2.8	1.8257	2.9	1.777	3.4	114.5
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	84.6
Ecu	-	1.2190	+0.0047	182 - 197	1.2291	1.2124	1.2199	-0.8	1.2207	-0.6	1.2154	0.3	-
SDR†	-	1.03050	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5827	-0.0015	821 - 832	1.5951	1.5770	-	-	-	-	-	-	-
Brazil	(Cr)	1.4388	+0.0203	344 - 431	1.4437	1.4154	-	-	-	-	-	-	-
Canada	(C$)	2.2299	-0.0155	288 - 309	2.2522	2.2213	2.2334	-1.9	2.2387	-1.6	2.24	-0.5	80.6
Mexico	(New Peso)	10.8364	-0.8361	542 - 186	11.0180	10.7327	-	-	-	-	-	-	-
USA	($)	1.5820	-0.0021	815 - 824	1.5945	1.5762	1.5817	0.2	1.5806	0.4	1.5682	0.9	90.9
Pacific/Middle East/Africa													
Australia	(A$)	2.1792	+0.0224	778 - 805	2.1813	2.1778	2.1821	-1.6	2.188	-1.6	2.2117	-1.5	80.3
Hong Kong	(HK$)	12.2299	-0.0184	259 - 339	12.3268	12.1856	12.2295	0.0	12.2302	0.0	12.2235	0.1	-
India	(Rs)	49.8077	-0.0147	698 - 456	50.0990	49.6420	-	-	-	-	-	-	-
Israel	(Shk)	4.6901	-0.0128	835 - 966	4.7748	4.6391	-	-	-	-	-	-	-
Japan	(Y)	141.466	+0.05	386 - 546	142.580	140.920	140.976	4.2	139.881	4.5	133.971	5.3	161.5
Malaysia	(M$)	4.0342	-0.0074	325 - 359	4.0647	4.0209	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.4510	+0.0097	493 - 526	2.4527	2.4493	2.4571	-3.0	2.4675	-2.7	2.4876	-1.5	96.7
Philippines	(Peso)	39.5251	-1.201	901 - 600	39.8140	39.4050	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9330	-0.0078	311 - 348	5.9799	5.9115	-	-	-	-	-	-	-
Singapore	(S$)	2.2357	-0.0016	347 - 367	2.2485	2.2295	-	-	-	-	-	-	-
South Africa	(R)	5.7397	+0.0379	361 - 433	5.7768	5.6909	-	-	-	-	-	-	-
South Korea	(Won)	1225.14	-3.69	471 - 557	1236.85	1220.77	-	-	-	-	-	-	-
Taiwan	(T$)	41.0777	-0.1354	621 - 933	41.4100	40.9323	-	-	-	-	-	-	-
Thailand	(Bt)	39.1059	-0.0518	789 - 328	39.3840	38.9920	-	-	-	-	-	-	-

†SDR rates per £ for Mar 17. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 20		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	9.8360	+0.0771	321 - 398	9.8895	9.7600	9.826	1.2	9.8055	1.2	9.735	1.0	108.7
Belgium	(BFr)	28.8550	+0.1865	500 - 600	28.9720	28.6500	28.865	-0.4	28.89	-0.5	28.825	0.1	110.6
Denmark	(DKr)	5.6101	+0.02	087 - 115	5.6478	5.5847	5.6186	-1.8	5.6371	-1.9	5.6776	-1.2	107.4
Finland	(FM)	4.3788	+0.0328	756 - 816	4.4032	4.3383	4.3791	-0.1	4.3795	-0.1	4.3706	0.2	85.9
France	(FFr)	4.9781	+0.0231	772 - 790	5.0046	4.9450	4.9901	-2.9	5.0101	-2.6	5.0351	-1.1	106.8
Germany	(DM)	1.3973	+0.0108	968 - 978	1.4050	1.3825	1.3958	1.3	1.393	1.2	1.3806	1.2	114.3
Greece	(Dr)	229.250	+2	200 - 300	230.200	227.100	231.75	-13.1	236	-11.8	253.75	-10.7	68.5
Ireland	(I£)	1.5852	+0.0038	847 - 857	1.5932	1.5765	1.5859	-0.6	1.5883	-0.8	1.5984	-0.8	-
Italy	(L)	1732.98	-0.42	250 - 345	1755.00	1724.57	1742.23	-6.4	1758.48	-5.9	1827.98	-5.5	63.5
Luxembourg	(LFr)	28.8550	+0.1865	500 - 600	28.9720	28.6500	28.865	-0.4	28.89	-0.5	28.825	0.1	110.6
Netherlands	(Fl)	1.5675	+0.012	672 - 677	1.5753	1.5530	1.568	1.1	1.563	1.1	1.5495	1.1	110.7
Norway	(NKr)	6.2536	+0.0317	526 - 546	6.2909	6.2048	6.2481	1.1	6.2428	0.7	6.2236	0.5	99.1
Portugal	(Es)	147.850	+0.85	800 - 900	148.510	147.350	148.41	-4.5	149.62	-4.8	154.6	-4.6	97.7
Spain	(Pta)	128.700	-	650 - 750	129.270	128.150	129.12	-3.9	129.91	-3.8	133.875	-4.0	77.1
Sweden	(SKr)	7.2716	+0.0384	678 - 753	7.3119	7.2261	7.2854	-2.3	7.3151	-2.4	7.4631	-2.6	78.2
Switzerland	(SFr)	1.1625	+0.0095	620 - 629	1.1675	1.1475	1.16	2.6	1.1552	2.5	1.1333	2.5	113.4
UK	(£)	1.5820	-0.0021	815 - 824	1.5945	1.5762	1.5817	0.2	1.5806	0.4	1.5682	0.9	83.6
Ecu	-	1.2978	-0.0067	974 - 982	1.3055	1.2938	1.2967	1.1	1.2948	0.9	1.2903	0.6	-
SDR†	-	0.64880	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0005	+0.0004	004 - 005	1.0005	1.0004	-	-	-	-	-	-	-
Brazil	(Cr)	0.9095	+0.014	070 - 120	0.9120	0.8930	-	-	-	-	-	-	-
Canada	(C$)	1.4096	-0.0079	093 - 098	1.4125	1.4077	1.4121	-2.1	1.4164	-1.9	1.4284	-1.3	78.8
Mexico	(New Peso)	6.8500	-0.52	000 - 000	6.9000	6.8000	6.8522	-0.4	6.8554	-0.3	6.8603	-0.2	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	92.2
Pacific/Middle East/Africa													
Australia	(A$)	1.3774	+0.0159	770 - 780	1.3821	1.3680	1.3792	-1.6	1.384	-1.9	1.4086	-2.3	82.1
Hong Kong	(HK$)	7.7309	-0.0001	306 - 312	7.7313	7.7306	7.7298	0.2	7.7339	-0.2	7.7694	-0.5	-
India	(Rs)	31.4850	+0.0325	700 - 000	31.5100	31.4300	31.565	-3.0	31.81	-4.1	-	-	-
Israel	(Shk)	2.9647	-0.0042	614 - 680	3.0159	2.9317	-	-	-	-	-	-	-
Japan	(Y)	89.4250	+0.15	000 - 500	89.6700	88.6500	89.125	4.0	88.505	4.1	85.43	4.5	161.1
Malaysia	(M$)	2.5502	-0.0012	498 - 505	2.5505	2.5480	2.5482	0.9	2.5457	0.7	2.5402	0.4	-
New Zealand	(NZ$)	1.5492	+0.0081	487 - 499	1.5539	1.5382	1.553	-2.9	1.561	-3.0	1.5843	-2.3	-
Philippines	(Peso)	24.9850	-0.725	700 - 000	25.0000	24.9700	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7504	-	503 - 505	-	-	3.7513	-0.3	3.7534	-0.3	3.7654	-0.4	-
Singapore	(S$)	1.4133	+0.0008	130 - 135	1.4135	1.4105	1.4081	4.5	1.3998	3.8	1.3733	2.8	-
South Africa	(R)	3.6283	+0.0288	270 - 295	3.6390	3.5980	3.6463	-6.0	3.6836	-6.1	3.8775	-6.9	-
South Korea	(Won)	774.450	-1.3	400 - 500	774.800	774.100	777.45	-4.6	780.95	-3.4	799.45	-3.2	-
Taiwan	(T$)	25.9665	-0.051	640 - 690	25.9850	25.9480	25.9865	-0.9	26.0265	-0.9	-	-	-
Thailand	(Bt)	24.7200	-	100 - 300	24.7300	24.7100	24.741	-1.0	24.7675	-0.8	24.855	-0.5	-

†SDR rate per $ for Mar 17. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 17. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

March 20	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4¾	6⅝	6⅝	6$\frac{9}{16}$	6⅝	7.40	4.50	-
week ago	4⅞	6⅝	7	7	7	7.40	4.50	-
France	7$\frac{5}{16}$	8⅛	8⅝	8½	8$\frac{1}{16}$	5.00	-	8.00
week ago	7$\frac{5}{16}$	8⅛	9	8½	8	5.00	-	8.00
Germany	4.88	4.93	5.00	5.13	5.45	6.00	4.50	4.85
week ago	4.93	4.93	5.05	5.15	5.53	6.00	4.50	4.85
Ireland	5⅝	6⅝	7	7$\frac{1}{16}$	7$\frac{9}{16}$	-	-	6.25
week ago	5⅞	6⅝	7⅛	7½	7¾	-	-	6.25
Italy	10$\frac{5}{16}$	11⅜	11⅝	12$\frac{1}{16}$	12⅜	-	7.50	10.40
week ago	9$\frac{9}{16}$	11¼	10$\frac{15}{16}$	11⅝	11$\frac{9}{16}$	-	7.50	10.10
Netherlands	4.97	5.02	5.10	5.27	5.82	-	5.25	-
week ago	4.84	5.02	5.12	5.30	5.70	-	5.25	-
Switzerland	3⅝	3⅝	3$\frac{9}{16}$	3⅝	4⅛	6.625	3.50	-
week ago	3¾	3⅛	3⅝	3$\frac{5}{16}$	4¼	6.625	3.50	-
US	5$\frac{9}{16}$	6$\frac{1}{16}$	6$\frac{3}{16}$	6⅜	6$\frac{9}{16}$	-	5.25	-
week ago	5$\frac{9}{16}$	6$\frac{1}{16}$	6¼	6$\frac{7}{16}$	6⅞	-	5.25	-
Japan	2$\frac{1}{16}$	2$\frac{3}{16}$	2¼	2⅜	2⅝	-	1.75	-
week ago	2$\frac{3}{16}$	2$\frac{3}{16}$	2⅛	2¼	2⅝	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	6⅛	6¼	6$\frac{7}{16}$	6⅝	-	-	-
week ago	-	6⅛	6$\frac{5}{16}$	6½	6$\frac{9}{16}$	-	-	-
US Dollar CDs	-	5.88	6.08	6.20	6.53	-	-	-
week ago	-	5.85	6.10	6.33	6.74	-	-	-
SDR Linked Ds	-	4$\frac{9}{16}$	4⅞	5$\frac{1}{16}$	6$\frac{1}{16}$	-	-	-
week ago	-	4$\frac{9}{16}$	4½	4⅝	4$\frac{9}{16}$	-	-	-

ECU Linked Ds mid rates: 1 mth: 6$\frac{1}{16}$; 3 mths: 6$\frac{1}{16}$; 6 mths: 6⅝; 1 year: 7⅛. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 20	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	6$\frac{1}{16}$ - 5$\frac{15}{16}$	6¼ - 6⅛	6$\frac{11}{32}$ - 6$\frac{7}{32}$	6$\frac{11}{16}$ - 6$\frac{7}{16}$	[illegible]	[illegible]
Danish Krone	6½ - 6¼	7¼ - 7	7⅜ - 7⅛	7½ - 7¼	[illegible]	[illegible]
D-Mark	4$\frac{31}{32}$ - 4$\frac{27}{32}$	4$\frac{15}{16}$ - 4$\frac{13}{16}$	4$\frac{15}{16}$ - 4$\frac{13}{16}$	5 - 4⅞	[illegible]	[illegible]
Dutch Guilder	4$\frac{15}{16}$ - 4⅞	4$\frac{15}{16}$ - 4⅞	5 - 4$\frac{29}{32}$	5$\frac{1}{16}$ - 5	[illegible]	[illegible]
French Franc	8 - 7½	8½ - 8	8⅞ - 8⅜	8⅞ - 8⅞	[illegible]	[illegible]
Portuguese Esc.	8⅝ - 8½	10½ - 10	11½ - 10½	12 - 11	[illegible]	[illegible]
Spanish Peseta	8$\frac{13}{16}$ - 8⅝	9⅜ - 8⅞	9⅞ - 9½	10 - 9⅝	[illegible]	[illegible]
Sterling	6 - 5¾	6 - 5⅞	6$\frac{5}{16}$ - 6$\frac{3}{16}$	6$\frac{23}{32}$ - 6⅝	[illegible]	[illegible]
Swiss Franc	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3$\frac{11}{16}$ - 3$\frac{9}{16}$	[illegible]	[illegible]
Can. Dollar	8 - 7$\frac{13}{16}$	8 - 7$\frac{13}{16}$	8$\frac{3}{16}$ - 8$\frac{1}{16}$	8$\frac{3}{16}$ - 8$\frac{1}{16}$	[illegible]	[illegible]
US Dollar	6 - 5⅞	6$\frac{1}{16}$ - 5$\frac{15}{16}$	6⅛ - 6	6¼ - 6⅛	[illegible]	[illegible]
Italian Lira	10½ - 9	12 - 11½	11¾ - 11⅝	11⅞ - 11¾	[illegible]	[illegible]
Yen	2¼ - 2$\frac{1}{16}$	2¼ - 2$\frac{1}{16}$	2¼ - 2$\frac{1}{16}$	2$\frac{3}{16}$ - 2⅛	[illegible]	[illegible]
Asian $Sing	½ - ¼	1⅛ - 1	1$\frac{13}{16}$ - 1$\frac{11}{16}$	2¼ - 2⅛	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	91.85	91.92	+0.07	92.01	91.83	28,981	57,875
Sep	92.89	92.88	-	93.03	92.87	7,813	33,595
Dec	93.16	93.14	-0.01	93.22	93.12	5,810	21,935
Mar	93.06	93.09	+0.03	93.11	93.03	1,959	18,214

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun		93.51	-0.02			0	570
Sep		93.29	-0.03			0	364
Dec	93.12	93.10	-0.03	93.12	93.12	50	270
Mar		93.09	-0.02			0	0

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.89	94.87	-0.01	94.90	94.86	18654	212817
Sep	94.59	94.58	-	94.62	94.56	15542	161055
Dec	94.24	94.24	+0.01	94.28	94.21	13638	120457
Mar	93.91	93.92	+0.01	93.95	93.90	4340	84578

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	87.38	87.48	+0.11	87.79	87.36	15342	43033
Sep	88.10	87.96	+0.01	88.24	87.91	5688	27215
Dec	88.06	88.14	+0.10	88.29	88.06	1787	13559
Mar	88.23	88.19	+0.12	88.27	88.16	423	7948

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.20	96.17	-0.03	96.20	96.15	3301	22488
Sep	95.97	95.95	-0.02	95.98	95.93	505	7417
Dec	95.66	95.67	-	95.67	95.64	211	6203
Mar	95.46	95.47	-0.01	95.46	95.46	60	[illegible]

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.89	92.87	-0.03	92.92	92.85	1797	[illegible]
Sep	92.59	92.58	[illegible]	92.59	92.55	479	4421
Dec	92.71	92.68	+0.05	92.71	92.68	162	2686
Mar	92.35	92.39	+0.04	92.39	92.35	120	1958

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 20		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.45	17.25	4.842	2.187	6006	5.432	21.68	512.5	445.9	25.20	4.029	2.191	4.871	3.466	310.0	2.671
Denmark	(DKr)	51.43	10	8.873	2.490	1.125	3089	2.793	11.15	263.5	229.3	12.96	2.072	1.127	2.505	1.783	159.4	1.374
France	(FFr)	57.96	11.27	10	2.806	1.267	3481	3.148	12.56	297.0	258.4	14.60	2.335	1.270	2.823	2.009	179.7	1.548
Germany	(DM)	20.65	4.016	3.563	1	0.452	1240	1.122	4.476	105.8	92.08	5.204	0.832	0.452	1.006	0.716	64.03	0.552
Ireland	(I£)	45.73	8.893	7.891	2.214	1	2746	2.484	9.913	234.4	203.9	11.52	1.843	1.002	2.227	1.585	141.8	1.221
Italy	(L)	1.665	0.324	0.287	0.081	0.036	100.	0.090	0.361	8.533	7.424	0.420	0.067	0.036	0.081	0.058	5.162	0.044
Netherlands	(Fl)	18.41	3.580	3.177	0.891	0.403	1106	1	3.991	94.35	82.09	4.639	0.742	0.403	0.897	0.638	57.08	0.492
Norway	(NKr)	46.13	8.971	7.960	2.234	1.009	2771	2.506	10	236.4	205.7	11.62	1.859	1.011	2.247	1.599	143.0	1.232
Portugal	(Es)	19.51	3.794	3.367	0.945	0.427	1172	1.060	4.230	100.	87.00	4.917	0.786	0.428	0.950	0.676	60.50	0.521
Spain	(Pta)	22.43	4.361	3.870	1.086	0.490	1347	1.218	4.861	114.9	100.	5.651	0.904	0.431	1.092	0.777	69.53	0.599
Sweden	(SKr)	39.69	7.717	6.848	1.922	0.868	2383	2.156	8.603	203.4	177.0	10	1.599	0.870	1.933	1.376	123.0	1.060
Switzerland	(SFr)	24.82	4.826	4.282	1.202	0.543	1490	1.348	5.380	127.2	110.7	6.253	1	0.544	1.209	0.860	76.94	0.663
UK	(£)	45.64	8.875	7.875	2.210	0.998	2741	2.479	9.893	233.9	203.5	11.50	1.839	1	2.223	1.582	141.5	1.219
Canada	(C$)	20.53	3.992	3.543	0.994	0.449	1233	1.115	4.450	105.2	91.54	5.173	0.827	0.450	1	0.712	63.65	0.548
US	($)	28.85	5.610	4.978	1.397	0.631	1733	1.567	6.253	147.9	128.6	7.269	1.162	0.632	1.405	1	89.44	0.771
Japan	(Y)	32.25	6.272	5.565	1.562	0.705	1937	1.752	6.992	165.3	143.8	8.127	1.300	0.707	1.571	1.118	100.	0.861
Ecu		37.44	7.281	6.460	1.813	0.819	2249	2.034	8.116	191.9	166.9	9.434	1.509	0.820	1.824	1.298	116.1	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7249	0.7163	-0.0071	0.7255	0.7124	22,061	56,053
Sep	0.7182	0.7186	-0.0050	0.7208	0.7178	60	1,776
Dec	-	0.7215	-	-	0.7215	43	249

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.1363	1.1294	-0.0037	1.1390	1.1240	19,849	56,525
Sep	1.1490	1.1420	-0.0044	1.1491	1.1415	131	2,282
Dec	-	1.1594	+0.0145	-	-	5	382

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8765	0.8640	-0.0105	0.8786	0.8625	13,181	28,638
Sep	0.8680	0.8697	-0.0106	0.8723	0.8680	286	2,199
Dec	-	0.8780	-	-	0.8770	2	132

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.5910	1.5820	-0.0018	1.5936	1.5760	6,671	21,050
Sep	1.5770	1.5820	-0.0036	1.5830	1.5770	15	149
Dec	-	1.5780	-	1.5780	1.5740	2	11

UK INTEREST RATES

LONDON MONEY RATES

Mar 20	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7⅛ - 5⅜	6⅛ - 5¾	6$\frac{3}{16}$ - 6⅛	6¾ - 6$\frac{5}{16}$	7⅛ - 7	7$\frac{11}{16}$ - 7⅝
Sterling CDs	-	-	6¼ - 6$\frac{5}{32}$	6⅝ - 6½	7$\frac{1}{16}$ - 7	7⅝ - 7½
Treasury Bills	-	-	6 - 5⅞	6¼ - 6⅛	-	-
Bank Bills	-	-	6⅛ - 6$\frac{1}{16}$	6⅜ - 6¼	6¾ - 6⅝	-
Local authority deps.	6$\frac{3}{16}$ - 6$\frac{1}{16}$	5$\frac{1}{16}$ - 6$\frac{1}{16}$	6$\frac{3}{16}$ - 6$\frac{3}{16}$	6½ - 6⅜	7⅛ - 7	7$\frac{11}{16}$ - 7$\frac{9}{16}$
Discount Market deps	6¾ - 5½	5$\frac{15}{16}$ - 5¾	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5¾	5¾	6	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc. Ave. tender rate of discount 6.0311pc. ECGD fixed rate Stg. Export Finance. Make up day Feb 28, 1995. Agreed rate for period Mar 26, 1995 to Apr 25, 1995, Schemes II & III 8.08pc. Reference rate for period Feb 1, 1995 to Feb 28, 1995, Schemes IV & V 6.795pc. Finance House Base Rate 7pc from Mar 1, 1995

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.48	92.51	+0.03	92.55	92.47	18373	105711
Sep	92.10	92.15	+0.05	92.19	92.10	9722	61990
Dec	91.81	91.87	+0.06	91.90	91.81	5431	57953
Mar	91.57	91.61	+0.06	91.64	91.57	1225	39806

Also traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
9250	0.27	0.26	0.27	0.26	0.61	0.90
9275	0.15	0.17	0.18	0.39	0.77	1.06
9300	0.07	0.11	0.12	0.56	0.96	1.25

Est. vol. total, Calls 4984 Puts 4335. Previous day's open int., Calls 168374 Puts 122212

EMS EUROPEAN CURRENCY UNIT RATES

Mar 20	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.15214	2.06688	+0.00904	-3.96	8.81	-
Germany	1.91007	1.84292	+0.00884	-3.52	8.31	-
Austria	13.4383	12.9708	+0.0814	-3.47	8.26	-
Belgium	39.3960	38.0485	+0.082	-3.42	8.20	25
Portugal	195.792	194.678	+0.25	-0.47	4.99	3
Denmark	7.28580	7.39339	-0.01245	1.48	2.98	-10
France	6.40608	6.56431	-0.00366	2.47	1.98	-21
Spain	162.493	169.420	-1.072	4.26	0.23	-30
Ireland	0.792214	0.827855	-0.006878	4.50	0.00	-30
NON ERM MEMBERS						
Greece	292.867	302.153	+1.547	3.17	1.29	-
Italy	2106.15	2283.73	-54.26	8.43	-3.63	-
UK	0.786652	0.830365	-0.002289	5.56	-1.00	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	Calls Apr	Calls May	Calls Jun	Puts Apr	Puts May	Puts Jun
1.525	5.90	6.51	7.05	0.51	1.18	1.81
1.550	3.99	4.79	5.44	1.09	1.83	2.62
1.575	2.49	3.35	4.06	2.03	2.92	3.70
1.600	1.42	2.30	2.96	3.40	4.30	5.06
1.625	0.74	1.49	2.14	5.21	5.96	6.66
1.650	0.34	0.92	1.48	7.30	7.87	8.48

Previous day's vol., Calls 3,752 Puts 2,963 . Prev. day's open int., Calls 223,224 Puts 309,709

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	93.52	93.51	-0.01	93.54	93.51	73,357	515,578
Sep	93.31	93.30	-	93.32	93.29	74,163	322,889
Dec	93.10	93.11	-0.01	93.13	93.10	59,560	251,601

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.04	94.04	+0.01	94.05	94.04	2,109	16,964
Sep	93.83	93.81	+0.02	93.83	93.81	730	10,146
Dec	-	93.66	-	-	93.66	443	9,082

All Open Interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
9475	0.16	0.20	0.23	0.18	0.04	0.08	0.11	0.35
9500	0.03	0.07	0.10	0.09	0.16	0.20	0.23	0.51
9525	0	0.02	0.03	0.04	0.38	0.40	0.41	0.71

Est. vol. total, Calls 1435 Puts 2438. Previous day's open int., Calls 130032 Puts 210146

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
9600	0.25	0.16	0.18	0.06	0.21	0.51
9625	0.11	0.12	0.10	0.19	0.42	0.68
9650	0.04	0.07	0.05	0.37	0.62	0.86

Est. vol. total, Calls 23 Puts 0. Previous day's open int., Calls 569 Puts 485

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	10
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.00	Singer & Friedlander	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	●Smith & Williamson Secs.	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	●United Bk of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk.	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75		
●Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75		
Citibank NA	6.75	●Leopold Joseph & Sons	6.75	● Members of London Investment Banking Association	
Clydesdale Bank	6.75	Lloyds Bank	6.75	* In administration	
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	* Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWestminster	6.75		
		●Rea Brothers	6.75		

GENCOR LIMITED

(Incorporated in the Republic of South Africa)
(Company Registration No. 01/01312/06)
(formerly General Mining Union Corporation Limited)

PAYMENT OF COUPON NO 147
(Dividend No 138)

HOLDERS OF SHARE WARRANTS TO BEARER will receive payment on or after 29 March 1995 at the rate of 1.04785p the amount declared per share, less 0.15718p being South African non-resident shareholders' tax of 15% against surrender of Coupon No 147.

Coupons must be deposited for FOUR CLEAR DAYS for inspection before payment will be made:

In London — At the office of the London Secretaries of the Company 30 Ely Place, London EC1N 6UA
In Paris — At Credit du Nord
In Switzerland — At Credit Suisse, Zurich; Swiss Bank Corporation, Zurich; Union Bank of Switzerland, Zurich; or at any of their branches.

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:

	Pence
Amount of dividend after deduction of South African non-resident shareholders' tax of 15%	0.89067
Less United Kingdom Income Tax of 5% on the Gross Amount of the dividend of 1.04785p	0.05239
	0.83828

Listing forms can be obtained from the office of the London Secretaries.

per pro GENCOR (U.K.) LIMITED
London Secretaries
M Taylor
30 Ely Place
London EC1N 6UA
21 March 1995

NOTE: Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax, applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 5% instead of 20% represents an allowance of credit at the rate of 15% in respect of South African non-resident shareholders' tax.
The gross amount of the dividend received to be entered by the individual shareholder on any return for Income Tax purposes is 1.04785p multiplied by the number of shares held.

CREDIT LYONNAIS
USD 500,000,000.- FRN Undated

Bondholders are hereby informed that the rate for the Coupon N°15 has been fixed at 7.25 %, for the period, starting on 20.03.1995 until 18.06.1995, inclusive (representing a period of 91 days).
The coupon will be payable on 19.06.1995 at the price of USD 183.26.

The Principal Paying Agent
CREDIT LYONNAIS

Advance Bank Australia Limited

US$250,000,000
Floating Rate Notes 1999

The notes will bear interest at 6.60% per annum for the interest period from 21 March 1995 to 21 June 1995. Interest payable value 21 June 1995 will amount to US$168.67 per US$10,000 note.

Agent: Morgan Guaranty Trust Company
JPMorgan

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or –	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Barclays 8pc Cm 2nd Prf		90½	—	117	90¼	8.31	19.8	–
9¾pc Non-Cum Prf		4¼	—	137½	3	1.90	–	–
Cater Allen		481	—	530¼	418	150.9	7.7	9.5
Close Bros		248xd	—	285½	203	234.2	4.0	11.1
Gerrard & Nat		425	—	515	395	207.0	7.1	12.3
Hambros		207	-6	473	195	385.6	9.1	12.7
7½pc Cv Pf		95xd	—	191	95	122.4	9.9	–
Joseph (L)		393	—	443	383	20.3	6.8	11.1
King & Shaxson		87	—	170	86	18.1	12.9	8.8
Kleinwort Benson		[illegible]	-5	683	424	813.8	4.4	11.8
Rea Bros		[illegible]	—	79	53	24.1	2.0	16.2
Schroders		1495	+7	1574	1050	[illegible]	1.7	14.4
N/V		1349	+12	1459	1043	[illegible]	1.9	12.1
Singer & Fried		82½	+½	114	75	160.2	5.4	Φ
Union		[illegible]	+1	199	70	18.7	5.1	Φ
Warburg (SG)		720	-4	1012	569	1,584	3.8	13.1
Wintrust		205xd	—	390	200	17.4	6.5	13.7

BANKS, RETAIL

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

INVESTMENT COMPANIES - Cont.

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

TOBACCO

TRANSPORT

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or –	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£32½	—	£34	£13½	2,123	2.4	ϕ
Barlow	♣	88¾	—	89¼	£3½	1,247	1.6	22.9
Gold Flds Prop R		144xa	—	152	75	14.7	7.3	ϕ
NK Props		90	—	96	85	3.62	13.0	–
SASOL	♥	597	—	597	280	3,444	2.3	–
SA Brews	†	£17½	—	£17¾	£10	4,989	1.6	28.3
Tiger Oats		850	—	876	538	1,278	1.7	20.5
Tongaat-Hulett	†n	680	+54	*762	356¼	628.9	2.0	20.6

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated seperately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Not subject to ACT. z Dividend yield includes a special payment. F Yield based on prospectus or other official estimates for 1994-95. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1995. K Yield based on prospectus or other official estimates for 1994. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1995-96. N Figures based on IIMR 'Headline Earnings' P Figures based on prospectus or other official estimates for 1994. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion.

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣ . Please quote the code FT9981. Ring 0181-770 0770 (open 24 hours including weekends) or Fax 0181-770 3822. If calling from outside the UK, ring +44 181 770 0770 or fax +44 181 770 3822. Reports will be sent the next working day, subject to availability.

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Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds
Pembroke Hall, Pembroke, Bermuda
UK: Prof Advisers 0800 414181 — Jersey 01534 71696
Private Clients 0800 414161 — 00 352 250404230
From O'seas (44) 1732 777377 — Hong Kong (852) 848 1000

	Selling Price	+ or -	Yield Gr's
A$ Accum	A$17.370	+0.003	6.60
A$ Dist	A$15.123xd	-0.002	6.60
ASch Accum	Sch230.93	+0.02	3.60
ASch Dist	Sch200.92xd	+0.02	3.60
BFr Accum	BFr538.60	-0.08	5.20
BFr Dist	BFr502.78xd	-0.08	5.30
C$ Accum	C$17.370	-0.003	7.00
C$ Dist	C$15.126xd	-0.003	7.00
DKr Accum	DKr107.95	-0.01	5.30
DKr Dist	DKr100.59xd	-0.01	5.30
DM Accum	DM39.730	-0.003	3.80
DM Dist	DM30.148xd	-0.003	3.80
DFl Accum	Dfl30.494	-0.003	3.90
DFl Dist	Dfl25.127xd	-0.002	3.90
ECU Accum	Ecu12.653	+0.002	5.40
ECU Dist	Ecu10.063xd	+0.001	5.40
FM Accum	FM105.37	+0.01	3.80
FM Dist	FM100.49xd	+0.01	3.80
FFr Accum	FFr102.877	-0.012	6.00
FFr Dist	FFr50.714xd	-0.010	6.00
HK$ Accum	HK$112.01	-0.01	5.50
HK$ Dist	HK$100.76xd	-0.01	5.50
Ir£ Accum	I£11.448	-0.001	4.70
Ir£ Dist	I£10.058xd	+0.001	4.70
Lire Accum	L30579	-0.4	8.70
Lire Dist	L15151xd	+0.3	8.70
NZ$ Accum	NZ$35.390	+0.005	7.90
NZ$ Dist	NZ$30.267xd	-0.004	7.90
NKr Accum	NKr108.10	-0.01	3.90
NKr Dist	NKr100.52xd	-0.01	3.90

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.
Intl Currencies Fd Ltd

	Selling Price	+ or -	Yield Gr's
US$	$40.79	—	4.01
Canadian $	C$61.46	+0.05	6.61
£ Sterling	£29.43	—	4.78
D-Mark	DM50.98	—	3.72
Swiss Francs	SFr64.27	—	2.30
Japanese Yen	Y9563	+0.01	1.21
Managed Fund	$41.02	—	-

Latest Fund Prices 24hr service 01481 718043

Sarasin Funds Mngmt (Guernsey) Ltd
PO Box 246, St Peter Port, Guernsey 01481 723021

	Selling Price	Buying Price	+ or -	Yield Gr's
GlobalSar Dollar Accum 5	$26.82	28.49	+0.10	-
GlobalSar Dollar Dist. 5	$25.25xd	26.93	+0.11	2.85
GlobalSar-£ 5	£16.21xd	17.19	-0.21	4.53
(Accum Units) 5	£18.71	19.84	+0.24	-

Schroder Investment Mngmt (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey 01481 710851

	Selling Price	Buying Price	+ or -	Yield Gr's
European Bd 5 3	$11.1032	11.4008	—	7.68
Approx Stlg Equiv 3	£6.9547	7.1874	—	7.68

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Emerging Mkts Latin America	$11.18	11.68	—	-

Apollo Investment Management Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Japan	£9.969	10.534	—	-
Tiger	£9.269	9.885	—	-

Arab Bank Fund Managers (Guernsey) Ltd
AB International Fund Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Managed Currency	$10.82	10.85	-0.07	-
International Bond	$10.97	11.01	+0.08	-

Bachmann Global Investment Fund Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Cash, Gilt & Stlg Fxd Int.	£17.82	17.88	—	-
US Dollar Intl Bond & Cry.	$153.13	156.59	—	-
Sterling Intl Bond & Cry.	£100.55	102.72	—	-
Global Equity	£8.74	9.17	—	-
Intl Equity Index	$98.11	102.78	—	-

GT Asset Management - Contd.

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

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LONDON STOCK EXCHANGE

MARKET REPORT

Trading deals take Footsie to new 1995 peak

By Terry Byland,
UK Stock Market Editor

Steadier performances by US and ERM currencies set the stage for a further display of confidence in the UK equity market yesterday. The FT-SE 100-share Index rose by nearly 35 points to close at a new peak for the year, helped by the first signs of reinvestment of the heavy cash injection prompted by Glaxo's successful £9bn-plus bid for Wellcome.

A substantial trading programme, assessed at around £200m, moved *across the trading screens after the* market closed. The programme, involving a range of huge trades in leading blue chip and second line stocks, had already shown its footprints in the form of heavy buying of the new June contract on the Footsie index. This had prompted substantial arbitrage business between the futures and cash equity markets throughout the session.

After a slow start, the market bounced ahead to show a gain of more than 31 points on the Footsie at mid-morning. The gain was fully held and then extended when Wall Street opened. At the close the FT-SE 100 Index stood at the day's peak of 3,124.2 for a net advance of 34.9. The Footsie is now at its highest level since mid-November last year. However, the Dow Jones Industrial Average had slipped from its initial climb to show a gain of only 1.3 points when London closed for the day.

Equity market confidence was bolstered towards the close when *Mr Kenneth Clarke*, the UK chancellor of the exchequer, said in Brussels that the government was confident of sustained economic growth and low inflation in the UK.

Investors, believed to be from continental Europe as well as from London, have been attracted to UK equities because of the high valuation now perceived in share prices as the yield differential between bonds and shares has shrunk; it now stands close to two times, regarded as a buy signal for the stock market.

Technical factors also worked in *favour of share prices yesterday.* The sudden turn towards a bullish trend has caught some marketmakers unawares and, having first been obliged to sell stock as share prices rose, they were then forced to bid in the market for stock themselves.

The Footsie gain was to some extent understated because ex-dividend adjustments for share prices *on a range of blue chip stocks*, including BAT Industries, Hanson and BTR, took a notional 10½ points off the blue chip index.

The FT-SE Mid 250 Index, also benefiting *from the trading* programme which ranged well down the market list, put on 16.5 at 3,391. The Mid 250 has to some extent lagged behind the blue chip market over the past week.

Seaq volume rose sharply towards the close to return a total of 708.7m shares for the day, compared with just above 620m shares on Friday. Non-Footsie shares made up around 55 per cent of yesterday's equity volume, underlining the focus on futures-related activity in the Footsie-listed stocks.

However, there were no developments yesterday after reports in the UK press that two international deals involving UK companies were *in the pipeline.*

Standard bank in demand

Turnover in Standard Chartered, the banking group, *was well above usual levels*, more than 8m shares changing hands yesterday. Most of this, according to dealers, was transacted by Cazenove, the bank's own stockbroker, which was said to have met the company last week and come away more than satisfied with the answers to its questions.

Cazenove relayed a positive message on Standard's long-term dividend growth prospects to its top institutional clients, six of which were said to have moved in to top up their holdings in the stock.

Standard reported top of the range preliminary results two weeks ago, including a much higher than expected 33 per cent increase in the annual dividend and a 25 per cent rise in pre-tax profits.

Standard shares, boosted recently by talk that the group is about to sell its securities division to Hambros, the merchant bank, moved up strongly, closing a net 10 higher, ex-dividend, at 288p.

Arjo outpaces

Paper group Arjo Wiggins Appleton was the top performing Footsie stock on a strong day for equities, jumping 17 to 258p as rumours of a possible takeover attempt by major French shareholder Saint Louis ran round the market.

The French company was *due to announce* its 1994 results in the afternoon and a statement on the future of the company's 20 per cent stake in Arjo was confidently expected by many analysts. A total of 5.2m shares, a heavy day for Arjo, were traded.

After the London market had *closed the Saint Louis board* announced that it had no plans other than to maintain its shareholding in Arjo which has had its share price performance transformed in recent weeks by investors eager for takeover news. Over the past 12 months Arjo has lagged *behind the market as a whole* by 14 per cent. But over the past month the shares have outstripped the market by 7 per cent.

Bakers rise

Leading bakers of bread in the UK, Associated British Foods and Tomkins, moved ahead on market talk of an *impending rise of 1p in the* price of a loaf. The two groups are known to be negotiating with the major supermarket chains and a price increase is thought to be imminent. According to Nomura Securities, an extra 1p on a loaf for Tomkins' Hovis and Mothers Pride range would pump up group profits by some £9m. The middle range of analysts' *forecasts for Tomkins'* 1994-95 profits is around £300m.

Tomkins added 11½ at 242½p in relatively heavy 5.6m turnover, while AB Foods gained 6 at 595p.

The financial sectors were well to the forefront in the general market surge, with banks and insurances featuring heavily in the £200m-plus buy programme carried out in mid-session, apparently by Smith *New Court.*

Marketmakers said both sectors had raced up as pockets of buying interest, including the programme, had uncovered widespread short positions.

Abbey National was the pick *of the banks, climbing 14½ to* 459½p, closely followed by *Lloyds, up 16 at 593p, and* HSBC, 17½ ahead at 716p.

The one casualty in the sector was Royal Bank of Scotland, recently boosted by the launch of its Direct Line mortgage business, which slipped 4 *to 410p in good turnover of* 4.1m. Hoare Govett was said to have been behind the weakness in the stock.

Insurances provided four out of the FT-SE 100's top 10 performers, with stock shortages in the composites *said to have* become acute towards the close of trading. Guardian Royal Exchange, 8 up at 184p, led the sector higher, with Sun Alliance, in which a block of 3.3m shares was traded in the buy programme, 12 ahead at 324p.

Prudential, reporting preliminary numbers this morning, raced up 11¼ to 332½p on heavy turnover of 11m, including a single trade of 2.9m at 334p. Dealers confidently expect a *double-digit increase* in the dividend.

British Petroleum attracted plenty of local and overseas interest, the shares improving strongly and settling 7½ to the good at 417½p with 15m shares changing hands. *Included in* that figure was a block of 4.8m which traded at 416p in the day's biggest programme trade.

Dealers noted a build-up of buying interest throughout the session, with some adopting the view *that the stock could* launch a determined attack on its all-time high of 435p, reached last October.

The UK's three telecoms giants all showed up in the day's *programme* trade activity. A block of 4.8m Vodafone was traded at 202p, while a lump of 3.5m Cable and Wireless was bought at 391p and 2m BT at 382½p.

Vodafone closed 3 higher at 202½p. C&W 6 better at 393p and BT 6½ firmer at 383p.

News that Argos is to seek shareholders' permission to purchase its own shares prompted a squeeze in the stock which sent the price sharply ahead.

The announcement was *included in a company statement* as the retailer reported figures at the top end of expectations, a higher dividend, and improved sales for the first 10 weeks of this year.

The stock advanced 19 to 376p in above average trade of 1.4m shares.

Several brokers upgraded current year profits expectations following the favourable figures, including ABN-Amro Hoare Govett which raised its estimate by £8m to £114m. Analysts at the broker said the rise was to reflect "greater production benefits and improved cash management helping the interest line".

Hopes of share buy-backs or payment of a special dividend spread to several other stocks in the sector, boosting their shares.

These included Boots, up 6½ at 518p, Great Universal Stores, 11 ahead at 554p, and clothes retailer Next, which gained 8 at 284p.

Several stocks in the property sector were boosted by a circular from Panmure Gordon. Entitled "Buy into Prime", analysts at the broker say: "The dynamics of the property market's recovery is creating localised shortages of good space which will lead to rental growth later this year."

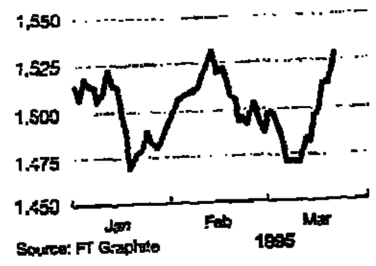
Panmure urged investors to upgrade "to an in line weighting" and said its main buy recommendations are MEPC, which rose 9 to 396p in trade of 2.1m, *and British Land*, 4 better at 372p.

SmithKline Beecham "A" hardened 7½ to 527p as the US Food and Drug Administration cleared its Kytril drug for marketing. The new product prevents nausea and vomiting associated with cancer treatment. *The stock was also said* to have been part of a big programme trade. Volume stood at 4.2m at the close.

ICI firmed 3½ to 698p, with Kleinwort Benson said to have recommended the shares.

MARKET REPORTERS:
Steve Thompson,
Joel Kibazo,
Jeffrey Brown.

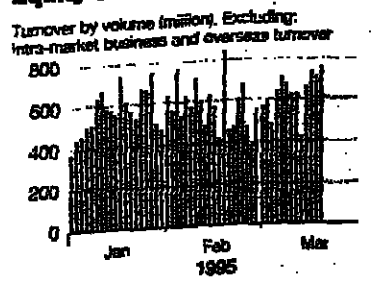
FT-SE-A All-Share index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3124.2	+34.9
FT-SE Mid 250	3391.0	+16.5
FT-SE-A 350	1548.6	+15.1
FT-SE-A All-Share	1527.85	+13.89
FT-SE-A All-Share yield	4.18	(4.21)
FT Ordinary index	2381.8	+19.6
FT-SE-A Non Fins p/e	16.93	(16.81)
FT-SE100 Fut Jun	3142.0	+39.0
10 yr Gilt yield	8.52	(8.56)
Long gilt/equity yld ratio:	2.06	(2.04)

Best performing sectors

1. Life Assurance .... +2.2
2. Banks, Retail .... +2.0
3. Paper, Pckg & Print .... +1.9
4. Retailers, General .... +1.6
5. Telecommunications .... +1.6

Worst performing sectors

1. Tobacco .... -3.5
2. Extractive Inds .... -0.8
3. Engineering, Vehicles .... -0.8
4. Oil Exploration .... -0.6
5. Other Serices & Bus .... -0.5

FINANCIAL TIMES EQUITY INDICES

	Mar 20	Mar 17	Mar 16	Mar 15	Mar 14	Yr ago	*High	*Low
Ordinary Share	2381.8	2362.2	2371.5	2337.9	2338.2	2528.2	2713.6	2238.3
Ord. div. yield	4.45	4.49	4.47	4.53	4.53	3.67	4.86	3.43
Earn. yld. % full	7.21	7.24	7.21	7.32	7.31	4.99	7.39	3.82
P/E ratio net	16.51	16.45	16.51	16.28	16.30	21.78	33.43	16.11
P/E ratio nil	16.20	16.10	16.16	15.94	15.95	22.75	30.80	15.77

*For 1994/5. Ordinary Share index since compilation: high 2713.6 2/02/94, low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2352.4	2363.6	2368.6	2380.2	2382.2	2382.6	2382.4	2381.5	2380.1	2383.0	2352.2

	Mar 20	Mar 17	Mar 16	Mar 15	Mar 14	Yr ago
SEAQ bargains	30,953	28,997	27,404	29,851	27,947	34,657
Equity turnover (£m)†	-	1592.7	1614.5	1927.3	1403.6	1191.5
Equity bargains†	-	41,468	40,369	41,709	37,672	40,590
Shares traded (mi)†	-	766.7	719.9	747.2	666.8	460.2

†Excluding intra-market business and overseas turnover.

London market data

Rises and falls*		1994/95 Highs and lows		LIFFE Equity options	
Total Rises	806	Total Highs	31	Total contracts	36,151
Total Falls	423	Total Lows	80	Calls	11,655
Same	1632			Puts	24,496

March 20 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3090.0	3142.0	+52.0	3155.0	3090.0	14630	57880
Sep		3165.0	+52.0			0	1050

FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3390.0	3390.0	+3.0	3390.0	3390.0	20	4068

FT-SE 100 INDEX OPTION (LIFFE) (*3122) £10 per full index point

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994/95 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
150	F.P.	[illegible]	166	154	Albright & Wilson	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§10	F.P.	[illegible]	[illegible]	12	Bath Press	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	[illegible]	[illegible]	175	Bestle	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	[illegible]	125	123	Colleagues	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§123	F.P.	[illegible]	135	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§130	F.P.	[illegible]	132	125	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§125	F.P.	[illegible]	131	125	GET Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT GOLD MINES INDEX

	Mar 17	% chg on day	Mar 16	Mar 15	Year ago	Gross div yield %	52 week High	Low
Gold Mines Index (34)	1857.31	+0.1	1855.20	1876.31	2004.85	2.28	2337.98	1637.91
Regional Indices								
Africa (16)	2583.25	-1.3	2723.59	2790.05	2785.33	5.06	3711.87	2304.45
Australasia (7)	2176.99	-0.8	2195.14	2164.17	2540.34	1.93	2851.49	1788.20
North America (11)	1565.94	+1.1	1553.03	1563.00	1700.27	0.84	1911.21	1348.16

Copyright, The Financial Times Limited 1995. † Partial.
Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.
PLEASE NOTE: Supporting data for the FT Gold Mines Index is provided by the Mining Journal Ltd.

FT - SE Actuaries Share Indices — The UK Series

	Mar 20	Day's chge%	Mar 17	Mar 16	Mar 15	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3124.2	+1.1	3089.3	3094.1	3047.0	3198.0	4.36	7.80	15.20	32.21	1205.44
FT-SE Mid 250	3391.0	+0.5	3374.5	3367.6	3346.2	3854.5	3.77	6.74	17.85	20.44	1285.30
FT-SE Mid 250 ex Inv Trusts	3398.0	+0.5	3382.7	3376.1	3352.5	3875.4	3.92	7.30	16.60	20.69	1286.22
FT-SE-A 350	1548.6	+1.0	1533.5	1534.7	1514.3	1623.8	4.23	7.65	15.72	14.49	1221.49
FT-SE-A 350 Higher Yield	1563.0	+0.9	1548.5	1553.6	1531.5	1636.7	5.21	8.48	14.12	19.29	1016.12
FT-SE-A 350 Lower Yield	1533.9	+1.0	1518.1	1515.2	1496.6	1570.2	3.08	6.67	18.12	9.67	1017.68
FT-SE SmallCap	1697.18	+0.1	1695.58	1685.89	1684.15	1994.96	3.54	5.22	23.91	10.66	1334.88
FT-SE SmallCap ex Inv Trusts	1676.84	+0.1	1675.76	1665.30	1662.73	1977.38	3.76	5.83	21.71	10.17	1323.06
FT-SE-A ALL-SHARE	1527.85	+0.9	1513.96	1514.83	1496.24	1616.26	4.18	7.46	16.14	13.94	1225.22

FT-SE Actuaries All-Share

	Mar 20	Day's chge%	Mar 17	Mar 16	Mar 15	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	2681.17	+0.8	2670.46	2656.82	2627.16	2539.64	3.81	6.67	18.79	20.88	1095.04
12 Extractive Industries(7)	3559.15	-0.8	3588.80	3549.57	3498.82	3982.34	3.95	7.75	16.09	78.59	1003.54
15 Oil, Integrated(3)	2700.98	+1.3	2667.55	2669.23	2627.40	2442.00	3.91	6.95	17.93	11.39	1120.16
16 Oil Exploration & Prod(14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
20 GEN INDUSTRIALS(279)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 Building & Construction(38)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Building Matls & Merchs(31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Chemicals(23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Diversified Industrials(17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Electronic & Elect Equip(37)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Engineering(72)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Engineering, Vehicles(13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
28 Paper, Pckg & Printing(27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Textiles & Apparel(21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30 CONSUMER GOODS(94)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Breweries(18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Spirits, Wines & Ciders(10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Food Producers(24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Household Goods(10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Health Care(18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Pharmaceuticals(12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
38 Tobacco(2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 SERVICES(230)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Distributors(32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Leisure & Hotels(29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Media(43)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Retailers, Food(16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Retailers, General(44)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Support Services(38)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 Transport(21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Other Services & Business(7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
60 UTILITIES(37)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Electricity(17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Gas Distribution(2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Telecommunications(5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Water(13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 NON-FINANCIALS(664)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 FINANCIALS(118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Banks, Retail(9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
72 Banks, Merchant(6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
73 Insurance(26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
74 Life Assurance(6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
77 Other Financial(23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
79 Property(48)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
80 INVESTMENT TRUSTS(132)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
89 FT-SE-A ALL-SHARE(916)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A Fledgling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A Fledgling ex Inv Trusts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Time of FT-SE 100 Day's high: [illegible] Day's low: [illegible]

FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pharmaceuticals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Water	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banks, Retail	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TRADING VOLUME

Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

WORLD STOCK MARKETS

US INDICES

Dow Jones	Mar 17	Mar 16	Mar 15	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Industrials	4073.65	4069.15	4038.37	4073.65 (17/3/95)	3593.35 (4/4/94)	4073.65 (17/3/95)	41.22 (2/7/32)
Home Bonds	97.68	97.52	97.38	105.61 (21/1/94)	93.56 (30/12/94)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1580.78	1580.32	1569.37	1862.29 (2/2/94)	1371.88 (13/12/94)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	187.52	188.11	187.85	227.06 (3/1/94)	173.94 (22/11/94)	256.46 (31/6/93)	10.50 (8/4/32)

DJ Ind. Day's high 4101.66 (4085.78) Low 4044 94 (4021.77) (Theoretical♦)
Day's high 4080.22 (4075.38) Low 4059.47 (4036.72) (Actual♦)

Standard and Poors	Mar 17	Mar 16	Mar 15	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Composite ‡	495.52	495.41	491.88	495.52 (17/3/95)	438.92 (4/4/94)	495.52 (17/3/95)	4.40 (1/6/32)
Industrials♥	589.39	588.63	584.26	589.39 (17/3/95)	510.05 (21/4/94)	589.39 (17/3/95)	3.62 (21/6/32)
Financial	45.84	46.12	45.80	46.84 (14/8/94)	39.87 (22/11/94)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	267.84	267.92	268.15	267.92 (16/3/95)	243.14 (4/4/94)	267.92 (16/3/95)	4.46 (25/4/42)
Amex Mkt Val	456.02	456.47	454.78	487.89 (2/2/94)	420.23 (13/12/94)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	808.33	809.33	807.38	809.33 (16/3/95)	693.79 (24/6/94)	809.33 (16/3/95)	54.87 (31/10/72)

■ RATIOS

	Mar 17	Mar 10	Mar 3	Year ago
Dow Jones Ind. Div. Yield	2.69	2.70	2.73	2.82
	Mar 15	Mar 8	Mar 1	Year ago
S & P Ind. Div. yield	2.33	2.36	2.38	2.44
S & P Ind. P/E ratio	17.60	17.32	17.32	26.62

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Telefonos	7,731,000	26¾	+¼
Motorola	5,252,200	55⅝	-1
Merck	5,141,100	43⅞	+⅝
Wal-Mart	4,798,900	24⅛	-⅛
Amer T & T	4,525,700	52¼	-⅛
Gen Electric	4,346,800	54¼	-⅜
Compaq	3,721,000	32⅞	-⅛
Gen Motors	3,692,300	41⅞	-¾
EMC Corp	3,243,900	15⅝	-⅜
Pepsico	3,161,700	40	—

■ TRADING ACTIVITY

● Volume (million)

	Mar 17	Mar 16	Mar 15
New York SE	415.794	336.686	304.292
Amex	17.187	17.170	17.844
NASDAQ	285.301	310.372	305.613
NYSE			
Issues Traded	2,950	2,948	2,953
Rises	861	1,380	1,009
Falls	1,312	770	1,117
Unchanged	777	798	827
New Highs	75	106	68
New Lows	32	23	29

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
■ S&P 500							
Jun	499.75	500.05	+0.30	500.75	499.30	63,429	188,725
Sep	504.20	504.40	-	504.45	504.20	98	5,576
■ Nikkei 225							
Jun	16050.0	16180.0	-60.0	16270.0	15980.0	18,960	116,532
Sep	-	-	-	-	-	-	13

Open interest figures for previous day.

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
■ CAC-40							
Mar	1792.0	1800.0	+2.0	1809.0	1784.0	25,960	31,213
Apr	1805.0	1810.5	+2.5	1815.5	1796.5	1,698	9,839
■ DAX							
Jun	1991.0	2003.5	+22.0	2012.0	1990.0	14,905	-
Sep	2019.0	2026.5	+21.5	2034.0	2019.0	141	-
■ OMX							
Mar	1126.00	1140.00	+14.75	1141.00	1126.50	7,617	15,696
Apr	1130.00	1141.25	+8.75	1141.25	1129.00	3,696	8,848
■ SOFFEX							
Apr	2491.0	2520.5	+27.0	2523.5	2487.0	3,989	16,163
Jun	2485.0	2487.5	-	2485.0	2485.0	1	-

-- Sat Mar 18: Taiwan Weighted Price 6587.95; Korea Comp Ex 951.34. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours index: Mar 20 - 1994.99 +5.47

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

■ TOKYO - MOST ACTIVE STOCKS: Monday, March 20, 1995.

	Stocks Traded	Closing Prices	Change on day
Toyota Motor	8.2m	1,660	
Kao Corp	7.3m	1,020	
Nippon Steel	5.6m	324	-3
Keihin E Expr Ry	6.3m	584	
Fudo Const	4.3m	823	+13
Daiichi Pharm	4.2m	1,450	+50
Sumitomo Const	4.0m	630	+5
Toshiba Corp	3.5m	551	-16
Asahi Glass	3.7m	1,050	
NKK Corp	3.3m	232	-4

4 pm close March 20

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14¼	12⅞	AAR	0.48	3.7	22	815	13¼	13⅛	13⅛	-⅛
22⅛	19¼	ALPharmaA	0.18	0.8	276	1682	u22¼	21	22⅛	+1
38¼	35	AMP	0.92	2.5	20	3262	37⅛	36¼	36⅝	-½
62¾	53⅜	AMR			27	7741	u63¼	61¼	62¾	+1¼
47⅞	41⅞	ASA	1.71	3.7	30	1239	45⅞	44½	45¾	+⅝
37⅝	30¾	AbbotL	0.84	2.2	20	7100	u37⅞	36¾	37⅝	+¾
14	12	Abitibi Pr	0.50	3.7	12	8100	13⅝	13	13½	+½
24⅜	22⅛	ABM Ind	0.60	2.7	13	13	22⅝	22½	22½	-⅛
16⅝	14½	Acptncain			8	29	15	14⅞	15	+⅛
25⅞	21⅞	ACE Ltd	0.44	1.8	7	647	24⅛	24	24⅛	
9¾	8½	ACM Gvt In	0.90	10.4	7	394	8¾	d8½	8⅝	
7½	6½	ACM GvOpp	0.66	9.8		232	6¾	d6½	6¾	+¼
7½	5¾	ACM Gvt Sp	0.75	12.2		616	6⅜	6⅛	6⅛	
8⅝	7⅜	ACM Gvt Se	0.90	12.0		260	7⅝	7½	7½	
8½	7⅝	ACM Man	1.08	13.7		112	7⅞	7¾	7⅞	+⅛
7⅝	7⅛	ACM Managd	0.72	10.1		106	7¼	d7⅛	7⅛	-⅛
16¾	10½	AcmeCtv	0.48	3.4	8	131	14	13½	14	+½
21½	12⅜	Acme Elect			20	476	18	16¾	18	+½
34½	31⅞	Acordia	0.72	2.2	16	15	32¾	32⅝	32⅝	
11⅞	8⅝	Actava	0.36	3.4	6	1445	10⅝	9⅞	10⅝	+1
16¾	11⅞	Acuson			19	1182	12⅜	d11⅞	11⅞	-⅛
16⅝	15⅝	Adams Expr	0.36	2.2	0	107	16⅛	16¼	16¼	
68½	53	Ad Micro	3.00	4.5		66	66	66	66	
35⅝	25	AdvMic	3.00	8.7	11	2757	34½	34¼	34½	
6⅞	5	Advest Grp	0.16	2.7	39	21	5⅞	5⅞	5⅞	+⅛
19¼	16½	Aevo Inc	0.10	0.5	15	25	18⅝	18⅝	18⅝	+⅛
70⅞	62⅞	Aegon ADR	1.47	2.1	13	10	69⅝	69⅜	69⅜	-½
4⅞	3½	Aerflx			5	92	4⅛	4	4⅛	

1995 High	Low	Stock	Div	Yld. %
60½	55⅝	Bala A	0.84	1.1
29⅛	23	Bandg	0.64	2.2
55	49½	Banco 4.3P	4.30	8.3
42½	37	Benef	1.72	4.3
24⅛	18¾	Benetton A	0.47	2.8
¾	⅝	Bengoet B	0.04	7.1
29⅛	19½	BergBr	0.50	1.8
25950	20100	BerkH		
10	8¾	Berry Petr	0.40	4.3
33⅝	18⅞	Best Buy		
26½	24⅝	Beth St 2.	2.50	9.9
51⅜	49	Bethlhm Pf	5.00	10.0
19⅛	14¾	BethSt	0.40	2.7
46⅝	43⅝	Betz L	1.44	3.2
14¼	12½	BevEnt		
19¼	15¼	Biocraft	0.10	0.6
22¾	18¼	Birmingm S	0.40	2.1
28¾	23	BlDeck	0.40	1.4
24⅛	20¾	Black H PL	1.34	5.7
8⅝	7¾	BlckrckAdv x	0.68	8.3
7½	6½	BlckrckInc x	0.76	10.7
8⅞	8⅛	BlckrckTgt x	0.65	7.5
45⅝	33⅜	Block	1.25	2.9
6⅞	6	Blue Chip	2.64	40.6
18¼	15⅜	BMC Ind	0.08	0.5
49⅞	44⅜	Boeing	1.00	2.0
32¾	26¼	BoiseC	0.60	1.9
22¼	14⅝	Bolt B & N	0.06	0.3

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4 pm close March 20

NYSE COMPOSITE PRICES

Continued from previous page

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
17⅝	10⅝	Salomon Br	0.38	3.3	23	560	11½	11⅜	11⅜	
40⅛	32⅜	Salomn	0.64	1.9	8	1340	34¼	33¾	33¾	-½
21⅝	19⅛	SnDgGE	1.56	7.7	17	371	20⅝	20¼	20¼	-⅜
10	8	SantaFeERs	0.16	1.7	160	662	9⅝	9½	9⅝	+⅛
12¾	9	SFeGd			26	2894	12⅛	11⅞	12	-⅛
36¾	33¼	SFePPipe	2.80	7.7	9	52	36⅝	36⅛	36¼	+⅛
23⅛	17⅛	SanFeP	0.10	0.4	21	3814	23	22½	22⅝	-⅜
27¾	24¼	SaraLee	0.68	2.5	55	3113	u27¾	27¼	27⅝	-¼
45⅛	41⅞	Scana Corp	2.88	6.9	13	335	42	d41½	41½	-⅜
16¾	14½	Scecrp	1.00	6.6	10	4797	15½	15¼	15¼	-¼
11¼	8¼	SchawkA	0.26	2.9	32	3	9	9	9	+⅛
48¼	42⅜	ScheringP			30	358	47⅞	47	47¾	+⅛
79⅛	71	SchrPl	2.04	2.6	18	2506	78	77	77¾	+⅜
59¼	50⅛	Schlmb	1.20	2.1	26	3543	58¾	57⅞	58⅛	-½
32⅝	22⅛	Schwab(C)	0.24	0.7	20	1015	32¼	31⅞	32⅛	-⅜
10⅞	7¾	Schwitzer			6	64	9⅞	9⅞	9⅞	
24½	17½	SciAtl	0.06	0.2	30	1011	24	23½	24	+¼
18⅝	15⅞	Scotsman	0.10	0.6	12	9	16⅛	16	16	-⅛
85⅜	67⅛	ScottP	0.80	0.9	24	1640	u85⅝	84½	85¼	+⅝
30⅛	26⅞	Scripps	0.44	1.4	19	718	u31½	28⅞	31⅛	+1⅞
21½	14⅜	ScudderNAsF	0.02	0.1		105	15	14⅞	14⅞	
9¼	8¾	ScudderNEuF	0.16	1.8		187	9	8⅞	9	+⅛
14⅞	13⅜	SeaCntB	0.70	4.8	9	70	14¾	13⅞	14½	
16	14¾	SeaC1.4625	1.46	9.8		3	14⅞	14⅞	14⅞	
28	23⅝	S'gate			7	2505	25⅞	25⅜	25⅞	+½
31	28⅜	Seagrm	0.60	1.9	14	4500	u31⅜	30½	31⅛	+⅝
19¾	15¼	Seagull En			204	1733	18⅝	18⅜	18⅜	-¼
45½	35⅞	Sealed Air			23	280	44¾	44¼	44½	-⅜
51¼	44⅛	SearsR	1.60	3.1	16	12252	u52¼	51⅛	52¼	+1

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
67½	61¾	TRW	2.00	3.0	13	1359	u67⅝	67⅛	67⅛	-⅜
25⅝	19¼	Taiwan Fd	0.02	0.1		183	22⅛	21⅞	21⅞	-⅛
10¼	7⅜	TalleyInd	0.42	4.8	88	102	9	8⅞	8⅞	
15½	12½	Talley Pf	1.00	7.2		9	13⅞	13⅝	13⅞	
47	37⅞	Tambrds	1.76	3.8	19	4423	46⅝	45¾	46¼	-¼
19¾	16	Tandem			10	6763	17¼	16¾	16¾	-⅝
52⅜	44	Tandy	0.72	1.5	16	2402	48¼	47¼	47⅞	+⅜
10⅛	9	Taurus Mun x	0.66	6.8		2	9⅝	9⅝	9⅝	+⅛
3	2⅛	TCCInd			70	3	2⅛	d2⅛	2⅛	-⅛
32⅛	20	Teco Energ	1.01	4.9	15	777	20¾	20⅝	20⅝	+⅛
38¾	31⅞	Tktrnx	0.60	1.6	14	2187	37¾	36½	37⅛	+⅛
27	24¼	TeleDa			3	1174	28¾	28½	28½	-½
23½	20	Teldyn	0.40	1.8	149	533	22⅝	22⅜	22⅜	-⅛
39⅜	33¼	TeleEspSA	1.09	3.0	7	243	36¼	36	36⅛	-⅛
41½	23	Telmex	1.51	5.8	4	34383	27⅛	25⅞	26	-¼
51⅛	43⅜	Tmplnl	1.08	2.4	19	873	45½	45⅛	45⅛	+⅛
20¾	16⅝	TempltEmMk	0.10	0.6		240	18⅛	17½	17¾	-⅝
6⅞	6¼	TempltGlob	0.60	8.9		92	6¾	6⅝	6¾	+⅛
8⅞	6⅜	TempltGlFd x	0.80	9.1		1507	8¾	8½	8⅝	
46⅝	42¼	Tnneco	1.60	3.5	14	3076	u46½	46	46¼	
28¾	25¼	Teppco Pts	2.60	9.1	9	82	28⅝	28⅜	28⅝	+¼
41⅝	32⅛	Teradyne			21	1476	41¼	40⅞	41⅛	
7⅛	5⅞	Terex	0.06	0.9	14	43	6⅝	6¼	6⅝	+¼
13⅜	9¾	Terra Inds	0.08	0.7	14	8836	11	10⅛	10⅞	+⅜
10⅝	8¾	Tesoro			12	2428	10⅛	9⅞	10	+⅛
65⅞	59¾	Texaco	3.20	5.0	18	3240	65⅛	64½	64½	-⅜
35¼	30⅛	Texas Ind	0.40	1.2	10	490	34½	33	34	+1
91¾	68⅞	TxInst	1.00	1.1	12	9848	89⅝	87⅛	88⅞	+1⅜
18½	17	Texas Pac	0.40	2.1	11	57	u18¾	18¼	18¾	+½
35	31¼	TxUtil	3.08	10.1	12	4118	31½	d30½	30½	-1
3⅜	2⅜	Texfi Inds	1.10	41.9	3	15	2⅝	2⅝	2⅝	

AMEX COMPOSITE PRICES

4 pm close March 20

NASDAQ NATIONAL MARKET

4 pm close March 20

AMERICA

Dow off highs as steel stocks lose ground

Wall Street

US share prices were mixed yesterday with the bond market off slightly and the dollar trading close to late Friday levels, *writes Lisa Bransten in New York.*

By 1pm the Dow Jones Industrial Average was 3.46 higher at 4,077.11. The more broadly based Standard & Poor's 500 increased by just 0.01 to 495.53, and the American Stock Exchange composite firmed *0.30 to 456.32. The Nas*daq composite slipped 0.10 to 806.23. New York SE volume was 164m shares.

Attention focused on the currency market. The dollar fell to an historic low against the Japanese yen before the equity market opened, but stabilised *by the opening and gained a* little by early afternoon.

The Dow got as much as 15 points above Friday's close shortly after the opening bell before retreating later in the morning.

Steel companies lost ground after Nucor announced that it would lower the prices it charges its clients. Nucor fell $1¼ to $52⅝, Inland Steel $1 to $25 and USX $1¼ to $30⅞.

Tobacco issues gained after an unrelated class action suit created optimism about the outcome of pending litigation against them. Philip Morris *rose $1⅛ to $65¾ and RJR Nab*isco was $⅛ higher at $5¾.

Technology shares were mixed. Although the Nasdaq, which is heavily weighted toward those issues, lost ground, the Pacific Stock Exchange technology index was up 0.5 per cent in morning trading. Lotus Development was off $¼ at $41¼ and Dell Computer was unchanged at $44⅜ while Apple Computer rose $⅛ at $35¼, Microsoft increased $1/16 at $70⅝ and Intel was $11/16 higher at $81⅞.

Among technology shares not traded on the Nasdaq, Digital Equipment was $⅛ lower at $31¾, while Texas Instruments was up $1⅛ at $88⅞ and Compaq Computer traded $⅝ higher at $33.

Playtex shed nearly 5 per cent of its value, falling $⅜ at *$7½ after the company* announced it would sell about 40 per cent of its stock to an investor group for $9 a share.

AutoFinance Group jumped $5⅛ at $15⅛ after the announcement that Keycorp would purchase the car finance company. Keycorp shares fell *$⅝ at $28⅛ on the news.*

Circus Circus gained $2⅞ at $28¼ after the company announced that it would buy Strike Gold Resorts for $12m in cash.

Canada

Toronto turned weaker in quiet midday trading and the *TSE 300 composite index fell* 7.42 to 4220.58 in volume of 27.7m shares.

Weak sectors included golds and transportion, while gains were led by consumer products and pipelines.

Canadian Pacific shares fell by C$¼ to C$19⅝: a nationwide rail strike was expected to continue after the opposition refused to give the federal government unanimous consent to introduce legislation to force striking rail employees back to work.

Brazil gives up 3.7%

São Paulo shares dropped 3.7 per cent in hesitant midday trade after Mr Pedro Malan, the finance minister, left financial markets nervous with comments that the real currency band could be altered when necessary.

The Bovespa index was off 1,104 at 25,707 at 1pm in low turnover of R$94.4m ($103.4m) as the real, which had fallen 2.2 per cent to 0.918 reais to the dollar shortly after the minister's remarks, rallied slightly to trade at 0.913.

Analysts noted that speculative selling had continued to push equity prices down during the morning as investors remained nervous about Friday's rumours, offically denied, that the head of the central bank, and its international affairs director, would resign.

Telebras preferred dropped 3.8 per cent to R$22.70 as the state controlled telecommunications monopoly unveiled lower 1994 net profits.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1995	Start of 1995	Start of 1995
Austria	+0.59	+1.12	-17.64	-5.86	+3.92	+5.22
Belgium	+2.38	-2.09	-12.74	-3.28	+6.06	+7.39
Denmark	+0.68	-3.91	-17.37	-4.14	+3.07	+4.36
Finland	+2.69	-5.96	-1.31	-7.76	-0.65	+0.59
France	+2.34	-1.62	-19.28	-3.93	+2.19	+3.47
Germany	+0.28	-5.34	-9.80	-5.59	+4.23	+5.53
Ireland	+0.26	-4.88	-2.29	-2.33	-1.23	+0.00
Italy	-3.38	-11.31	-12.69	-7.11	-14.14	-13.07
Netherlands	-0.27	-4.04	-6.32	-4.15	+5.61	+6.93
Norway	+2.12	-6.20	-12.19	-9.05	-2.35	-1.13
Spain	-0.16	-6.52	-21.05	-6.72	-5.77	-4.59
Sweden	+0.92	-3.69	-0.58	+0.17	+1.68	+2.95
Switzerland	+1.21	-3.51	-12.39	-4.86	+6.66	+7.98
UK	+2.26	+1.24	-6.41	+0.43	+0.43	+1.68
EUROPE	+1.24	-2.43	-10.36	-2.88	+1.31	+2.57
Australia	+2.76	+3.03	-9.23	+0.57	-5.94	-4.77
Hong Kong	+6.24	+6.00	-10.99	+5.90	+4.67	+5.98
Japan	-2.36	-7.67	-21.50	-17.24	-8.65	-7.50
Malaysia	+2.53	-4.18	-6.98	-0.51	-1.66	-0.43
New Zealand	+1.16	-2.30	-9.01	+3.22	+3.32	+4.63
Singapore	+1.19	-1.50	+0.87	-7.51	-5.71	-4.54
Canada	+2.02	+4.05	-2.14	+1.49	-0.81	+0.43
USA	+1.12	+2.58	+5.69	+7.86	+6.53	+7.86
Mexico	+0.89	-8.91	-28.28	-27.98	-52.47	-51.88
South Africa	+1.33	+4.09	+1.05	-10.77	-0.23	+1.01
WORLD INDEX	+0.33	-1.80	-8.33	-3.76	-0.57	+0.68

† Based on March 17, 1995.

EUROPE

Frankfurt, Paris rise despite pessimistic views

Mr Nicholas Knight, the Nomura strategist, said in Antwerp yesterday that world equity markets had started a major bear market which could last until 1996, and that holding cash was the only safe strategy, *writes Our Markets Staff.*

In continental Europe, Mr Knight was "pessimistic for France", and "suicidal for Germany". His downside targets for both the French CAC and the German Dax indices were 1,600, indicating potential falls *of 10 and 20 per cent respec*tively. Yesterday, however, the two bourses were unheeding.

FRANKFURT traded slightly higher after Friday's late falls, the Dax index moving up to 1,991.75 on the session, and closing the afternoon 5.47 higher at an Ibis-indicated *1,984.99.* Turnover amounted to DM5.1bn.

Mr Gebhard Klingenstein, head of equities at BZW in Frankfurt, said the market was still range trading, moving up and down alternately as it had done in most recent sessions.

BZW's range has changed. *Before the latest bout of dollar* weakness the broker saw the Dax trading between 2,000 and 2,300; now, it has taken the view that the German economic recovery will suffer from the strength of the *D-Mark and it has brought its* target down to between 1,800 and 2,000.

"At 2,000, the market is not cheap," said Mr Klingenstein. "Corporate results have been mixed and, at this level, we need companies to enthuse about prospects. Following the recent round of wage rises, that is not going to be easy."

PARIS was spurred on by firmer bonds and chart-related buying. The CAC-40 index rose 22.74 to 1,811.57, with turnover high at FFr4bn.

However, much of the attention focused on Credit Lyon*nais, which returned from sus*pension on Friday. The bank's investment certificates slid another FFr26.20 to FFr236.80 and Thomson-CSF, which has 18.9 per cent of Credit Lyonnais, fell FFr1.80 to FFr134.80.

Their loss was the financial sector's gain as investors switched holdings on the view that Lyonnais clients would begin to desert the bank in favour of more solid rivals. Among them, Paribas rose FFr10.20 to FFr293. UAP, the insurance group which is to *announce full year figures this* week, firmed FFr4.60 to FFr122.40.

Saint Louis rose FFr11 to FFr1,462 on speculation, later denied, that it would sell its 40 per cent stake in Arjo Wiggins Appleton, the paper group, and also on the announcement of a *doubling of group profits.*

Alcatel Alsthom shed early gains to record a FFr4.60 loss at FFr423 in spite of support from the French prime minister for Mr Pierre Suard, the chairman, who has been banned from running the company by a judge looking into alleged overbilling of France Telecom.

ZURICH was supported by the slightly firmer dollar and rising bond markets and the SMI index picked up 18.5 to 2,516.0 after a day of largely professional trade by domestic and London investors.

Nestlé rose SFr15 to SFr1,150 ahead of its 1994 results on Friday, with some expectations of a dividend increase.

SBC bearers, SFr11 higher at SFr371, led banks higher on speculation that a new warrant issue was planned: just before the close, Bankers Trust said that it had issued 1m warrants on the SBC shares.

In pharmaceuticals issues, Roche certificates bounced SFr65 to SFr6,555, following its acquisition of a Roussel Uclaf subsidiary in an effort to strengthen its presence in France.

AMSTERDAM was encouraged by the relative stability of the dollar, and the AEX index closed 2.07 higher at 394.87.

However, the corporate input was less inspiring: Boskalis, the dredging company which forecast a fall in 1995 profits after hours last Friday, dropped Fl 9, or more than 31 *per cent to Fl 19.80;* Ballast Nedam, which gets 10 per cent of its turnover from dredging, lost Fl 3.50 at Fl 67; and Cap Volmac, the computer software services company, fell Fl 1.50, or 5.7 per cent to Fl 25.20 on profits growth which was slightly less than expected.

MILAN saw an early technical rebound after Friday's fall, but the advance was not sustained. *The Comit index eased* 1.54 to 591.50 while the real-time Mibtel index turned back from a high of 9,527 to finish 65 *ahead at 9,399 as investors* awaited today's unofficial March inflation forecast from the city of Bologna.

*Fiat outperformed on bar*gain hunting, rising L81 to L6,204.

Ras, the insurer, lost L476 or *3 per cent to L15,256,* on worries that the lira's fall would increase the effective cost of its SFr1.5bn takeover of Switzerland's Elvia.

TEL AVIV took profits after Sunday's 6.4 per cent rise. The Mishtanim index fell 3.59 to 167.73 with some investors disappointed that the weekend interest rate cut of 1.5 percentage points was not deeper.

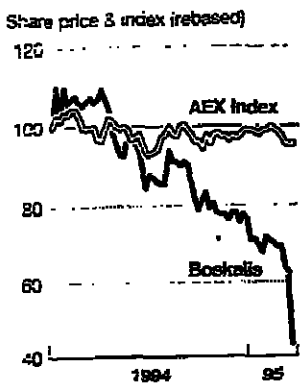
ISTANBUL registered yet *another* all-time high, the composite index climbing 1,109.94, or 3.3 per cent to 34,912.32. Volume also peaked at TL11,140bn, up from Friday's TL8,670bn and brokers said that demand was lifted by first quarter corporate earnings prospects.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Mar 20 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1244.26	1244.15	1244.27	1245.78	1246.48	1244.39	1246.64	1244.62
FT-SE Eurotrack 200	1347.34	1354.26	1354.62	1357.80	1357.42	1356.37	1357.55	1357.60

	Mar 17	Mar 16	Mar 15	Mar 14	Mar 13
FT-SE Eurotrack 100	1233.19	1240.54	1239.56	1242.42	1222.41
FT-SE Eurotrack 200	1341.86	1336.98	1332.98	1334.29	1321.71

Base 1000 (26/10/90). High/day: 100 - 1248.72; 200 - 1360.16 Low/day: 100 - 1243.19 200 - 1347.19 † Partial



Source: FT Graphite

Written and edited by William Cochrane, Michael Morgan and Peter John

ASIA PACIFIC

Dollar weakness keeps pressure on Nikkei and region

Tokyo

Further weakness in the US dollar heightened expectations of an imminent cut in the Japanese official discount rate. *However, the yen's strength* took most investors out of the market, and the Nikkei 225 average fell below 16,000 before making a partial recovery, *writes Emiko Terazono in Tokyo.*

The index declined 121.27 to 16,129.96. It saw a day's low of *15,980.39 as the yen hit another* record peak of Y88.65, and a high of 16,217.41 later on buying by arbitrageurs and some institutional investors.

Volume totalled 356m shares, against 385.6m. Most investors were reluctant to accumulate positions ahead of today's national holiday. Traders said that while some investors were bargain hunting below 16,000, none of them were willing to purchase shares above that level.

The Topix index of all first section stocks shed 11.07 to 1,280.22, while the Nikkei 300 dipped 2.01 to 236.50. Declines led rises by 745 to 279, with 146 issues unchanged. But in London the ISE/Nikkei 50 index put on 1.24 at 1,049.45.

Brokerage stocks were once again heavily sold, investors discouraged by the negative effect of the weak market on earnings. The sector was the biggest loser of the day, dropping 3.85 per cent. The small and medium-sized houses last week revised down their earnings expectations, with many of them posting losses for the fifth consecutive year.

The Big Four brokers fell to new 1994-95 lows, with Nomura Securities finishing Y50 down at Y1,520 and Nikko Securities surrendering Y48 to Y761.

Analysts said a further decline in stock prices would lead to monetary easing by the Bank of Japan due to the negative impact on the country's financial system. "We expect a 50 basis-point cut in the dis*count rate to be implemented* before the end of April," said Mr Jesper Koll at JP Morgan.

Construction companies attracted buyers after selling pressure last week. Fudo Construction rallied Y13 to Y823 and Sumitomo Construction firmed Y5 to Y630.

High-technology issues fell on the higher yen. Hitachi lost Y12 at Y831, Toshiba Y16 at Y551 and Matsushita Electric Industrial Y30 at Y1,280. Sony, however, gained Y20 at Y4,100 as bargain hunters bought the stock on the back of firm earnings, countering selling by individual investors.

Nippon Telegraph and Telephone fell Y6,000 to Y710,000 in spite of reports that the stock will be split ahead of the listing of a subsidiary.

In Osaka the OSE average slipped 143.33 to 17,863.28 in volume of 151.8m shares.

Roundup

The US dollar's weakness con*tinued to dampen enthusiasm* in a number of the region's markets.

TAIPEI fell on worries about a change in monetary policy as local news reports speculated that Liang Kuo-shu, the central bank governor, might step down due to illness. The index ended 46.38 off at 6,541.58. Textiles fell the most, Shinkong Fibre shedding T$1 to T$44 and Hualon 60 cents to T$35.5. Papers were also weak.

Tatung, one of Taiwan's biggest electric appliance makers, appreciated T$1 to T$63 on reports about persistent buying of the stock by Chung Hwa Picture Tubes, its affiliate.

BANGKOK closed higher, in spite of profit-taking, after the stock exchange said it would support a plan, proposed by securities companies, to set up *a stock buying fund worth* about Bt20bn to help shore up the sagging equity market.

The SET index rose 4.2 to 1,184.82. Financials came under pressure after a strong gain on Friday, Finance One losing Bt2 to Bt128 in busy trade. Thai Petrochemical, which made its *debut on Friday, moved ahead* Bt1.50 to Bt38.75.

KARACHI tumbled on short selling by speculators in the absence of institutional support. The 100-share index fell 46.68 to 1,636.45. ICI Pakistan fell Rs9 to Rs218 and Engro Chemicals Rs13 to Rs185. Citicorp *Investment Bank* gained Rs1.25 or 3.5 per cent at Rs37.25 on short-covering.

KUALA LUMPUR's composite index advanced 8.92 to 969.35, reflecting gains in blue chips, but the broader market closed easier as early buying dried up on worries about the widening current account defi*cit. Telekom Malaysia rose 30* cents to M$17.50 and Tenaga Nasional was ahead 40 cents at M$10.30.

Tai Wah Garments surged 24 cents to M$4.34 on rumours of a change in ownership and possible asset injection.

SEOUL was propelled higher *by persistent demand for man*ufacturing blue chips combined with a rebound in banking shares, and the composite stock index added 5.53 at 956.87. Posco, the steelmaker, and Kepco, the electricity monopoly, rose Won2,000 and Won400 to Won67,800 and *Won28,700 respectively.*

SINGAPORE was mixed, with some foreign buying pushing selected stocks higher while others remained weak. The Straits Times Industrial index fell 10.29 to 2,091.54, off an intra-day high of 2,112.80.

HONG KONG finished moderately higher, reflecting a *jump in index futures after* spending much of the day in narrow, seesaw trade. The Hang Seng index ended 59.72 up at 8,594.43 but turnover shrank to HK$3bn from Friday's HK$5.2bn.

COLOMBO weakened 1.5 per cent in thin trade on fears that peace talks between the government and Tamil rebels might be about to break down. The all-share index closed 13.04 lower at 860.46.

BOMBAY was suspended for the day, and will remain closed today, after a leading broker was declared in default after *he failed to make payments of* about Rs135m. Indian global depositary receipts – certificates representing domestic equity listed overseas – slipped across the board as investors awaited further *details.* **CALCUTTA**, meanwhile, saw leading cement companies trade higher as investors focused on the benefits that they will derive from massive investments expected in Indian infrastructure by the end of the century.

SHANGHAI's hard currency B shares were higher in a technical rebound after last week's heavy losses, and the index closed 0.347 up at 55.400.

SYDNEY was depressed at the start of trading by a falling Australian dollar and weaker gold price. The All Ordinaries index ended 16.7 lower at 1,904.5. ERG Australia, a manufacturer of automated fare collection systems, fell 34 cents to *A$1.28 on press reports that a* key contract was behind schedule and could be terminated.

S Africa in holiday mood

Johannesburg was unable to work up much enthusiasm ahead of today's public holiday and golds drifted lower while industrials finished marginally higher.

A weaker rand gave early support to gold shares as the bullion price moved downwards, but worries about the outlook for local gold mines in the medium term pointed to further downside potential for the golds sector.

The overall index ended 9.0 firmer at 5,309.8, industrials rose 14.8 to 6,691.9 and golds slipped 6.4 to 1,471.3.

Anglos moved forward R3.25 to close at R202.25.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY MARCH 17 1995								THURSDAY MARCH 16 1995					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	163.45	-0.9	152.99	92.24	117.82	148.01	0.7	4.02	164.87	153.55	93.35	118.99	146.95	180.82	157.95	174.69
Austria (16)	192.28	0.2	179.96	108.50	138.60	138.56	0.0	1.17	191.97	178.79	108.70	138.55	138.51	198.89	167.48	192.92
Belgium (35)	180.87	0.7	169.29	102.07	130.37	127.87	0.6	4.33	179.69	167.35	101.74	129.68	127.18	180.87	161.53	171.69
Brazil (28)	112.04	-3.8	104.86	63.23	80.76	184.66	-3.9	1.47	116.49	108.50	65.96	84.07	192.23	-	-	-
Canada (103)	129.95	-0.1	121.63	73.34	93.67	133.39	0.1	2.62	130.12	121.19	73.68	93.91	133.29	141.01	120.54	137.60
Denmark (33)	262.79	0.2	245.96	148.30	189.43	199.80	0.0	1.56	262.37	244.36	148.56	189.36	199.73	275.27	236.61	270.07
Finland (24)	187.06	0.9	175.08	105.56	134.84	170.61	1.2	1.46	185.46	172.73	105.01	133.85	168.59	201.41	133.88	150.16
France (101)	169.22	0.3	158.39	95.50	121.98	131.53	0.3	3.26	168.68	157.10	95.51	121.74	131.12	181.44	157.79	181.44
Germany (59)	151.24	0.6	141.55	85.35	109.02	109.02	0.4	2.02	150.39	140.07	85.15	108.54	108.54	154.61	132.08	138.38
Hong Kong (56)	345.64	1.9	323.51	195.05	249.15	343.07	1.9	3.85	339.15	315.87	192.03	244.77	336.84	418.42	277.40	388.55
Ireland (16)	206.24	-0.4	193.03	116.38	148.66	183.77	0.0	3.60	207.12	192.91	117.28	149.48	183.77	217.10	177.56	192.54
Italy (58)	65.45	-6.3	61.26	36.93	47.18	84.73	-3.5	1.84	69.85	65.06	39.55	50.42	87.77	97.78	65.45	78.30
Japan (484)	145.17	-0.6	135.87	81.92	104.64	81.92	-0.9	0.93	146.01	135.99	82.68	105.38	82.68	170.10	138.95	156.21
Malaysia (97)	477.31	2.0	446.75	269.36	344.07	469.02	2.2	1.68	467.91	435.79	264.94	337.70	458.97	594.75	398.16	481.86
Mexico (18)	681.51	-0.9	637.86	384.59	491.25	5491.58	0.4	1.98	687.93	640.71	389.52	496.48	5468.12	2414.12	647.81	2064.74
Netherland (19)	231.90	0.3	217.05	130.87	167.17	164.84	0.2	3.72	231.15	215.28	130.88	166.82	164.37	232.41	191.28	204.00
New Zealand (14)	73.71	-0.9	68.99	41.60	53.13	60.32	-0.6	4.89	74.40	69.29	42.12	53.69	60.66	77.20	62.05	71.70
Norway (23)	210.77	0.7	197.27	118.94	151.93	178.00	0.6	2.22	209.39	195.02	118.56	151.12	176.99	216.03	177.53	204.93
Singapore (44)	356.12	1.1	333.32	200.97	256.71	231.81	1.2	1.85	352.30	328.12	199.48	254.26	229.07	401.38	294.88	315.29
South Africa (59)	340.12	-0.3	318.34	191.94	245.17	267.59	0.4	2.55	341.18	317.76	193.18	246.23	266.41	342.00	205.55	266.00
Spain (38)	125.90	-1.3	117.83	71.05	90.75	122.75	-0.9	4.54	127.51	118.76	72.20	92.03	123.91	150.21	124.81	148.58
Sweden (46)	237.93	-0.9	222.69	134.27	171.51	254.77	-0.2	2.14	240.07	223.59	135.93	173.26	255.26	247.40	196.70	221.48
Switzerland (47)	178.38	0.1	166.96	100.66	128.58	127.51	0.1	1.92	178.19	165.96	100.89	128.60	127.37	179.86	149.91	164.29
Thailand (46)	134.02	3.0	125.44	75.63	96.61	128.58	3.0	3.31	130.15	121.22	73.69	93.93	124.87	-	-	-
United Kingdom (203)	198.11	-0.8	185.42	111.80	142.81	185.42	-0.1	4.37	199.30	185.62	112.85	143.84	185.62	205.58	181.11	200.12
USA (511)	202.51	0.0	189.54	114.28	145.97	202.51	0.0	2.80	202.54	188.64	114.68	146.17	202.54	202.54	178.95	191.60
Americas (860)	184.88	-0.1	173.04	104.33	133.26	165.47	-0.1	2.76	185.00	172.30	104.75	133.51	165.55	-	-	-
Europe (719)	173.31	-0.4	162.21	97.80	124.93	146.28	-0.1	3.29	174.04	162.09	98.54	125.60	146.42	176.01	160.59	172.08
Nordic (126)	230.31	-0.3	215.56	129.97	166.01	205.02	0.1	1.92	230.95	215.10	130.77	166.68	204.75	235.72	197.70	214.53
Pacific Basin (809)	153.70	-0.3	143.86	86.74	110.79	92.08	-0.5	1.30	154.21	143.63	87.32	111.30	92.58	176.86	145.93	164.99
Euro-Pacific (1528)	161.78	-0.4	151.42	91.29	116.61	112.75	-0.3	2.19	162.38	151.23	91.94	117.19	113.13	175.14	154.73	167.79
North America (614)	198.01	0.0	185.33	111.74	142.73	197.81	0.0	2.79	198.06	184.46	112.14	142.94	197.83	198.06	175.67	188.24
Europe Ex. UK (516)	156.03	-0.3	146.04	88.05	112.47	124.28	-0.1	2.69	156.53	145.78	88.63	112.97	124.39	158.19	144.12	153.35
Pacific Ex. Japan (325)	237.11	1.0	221.93	133.81	170.92	209.67	1.5	3.27	234.77	218.66	132.93	169.44	208.58	273.13	211.19	251.11
World Ex. US (1736)	162.10	-0.4	151.72	91.47	116.84	115.85	-0.3	2.20	162.72	151.55	92.14	117.44	116.33	176.65	155.42	169.11
World Ex. UK (2044)	171.93	-0.2	160.92	97.02	123.93	136.96	-0.2	2.22	172.30	160.47	97.56	124.35	137.27	178.59	163.46	173.19
World Ex. Japan (1763)	191.35	-0.1	179.09	107.98	137.93	178.61	0.1	3.00	191.58	178.43	108.48	138.27	178.50	192.00	176.34	187.80
The World Index (2247)	174.24	-0.2	163.08	98.33	125.59	141.22	-0.2	2.42	174.67	162.68	98.90	126.06	141.52	180.80	165.92	175.56

Latest prices were unavailable for this edition. Market closed 17/3/95: Ireland.